



Shire of Dalwallinu



Annual Report 2010-2011

Shire of Dalwallinu
58 Johnston Street
PO Box 141
Dalwallinu
WA 6609

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Section One Annual Electors



2012 ANNUAL GENERAL MEETING AGENDA

Notice is hereby given that the Annual General Meeting of Electors will be held on **Tuesday, 20 March 2012** commencing at **6.00pm** to be held in Council Chambers, Shire Administration Centre, Johnston Street, Dalwallinu.

ORDER OF BUSINESS

1. Opening and Welcome by President
2. Apologies
3. Confirmation of the Minutes of the Annual General Meeting of Electors held on 15 February 2011.
4. The presentation of the Annual Report for the year ending 30 June 2011 comprising of:
 - Presidents Report
 - Chief Executive Officer's Report
 - Financial Report for the 2010/2011 financial year
 - Auditors Report
5. Other Information and Question Time
6. General Business

Note: Seven (7) days prior notice given by Electors in respect of questions needing research will ensure the necessary information being available at the meeting.

2011 ANNUAL GENERAL MEETING MINUTES 15 February 2011

1.0 OPENING & WELCOME BY PRESIDENT

The President declared the meeting open at 6.06pm.

Present

President

Cr RS Nixon
Cr GH Sanderson JP
Cr DH McFarlane
Cr SC Carter
Cr WM Dinnie
Cr J Martin

Members of the Public

Mr Noel Mills
Mr Charles Hyde
Mrs Gwen Hyde
Mrs Barbara Dinnie
Mr Harry Hyde
Mrs Jane Hyde
Miss Emily Hyde
Mrs Margaret McFarlane (From 6.47pm)

Chief Executive Officer
Deputy Chief Executive Officer
Manager of Works
Economic Development and
Marketing Officer
Executive Support Officer

Mr PJ Crispin
Mr MK Humfrey
Mr A Butcher

Mr R Milloy
Miss K Bootsma

2.0 APOLOGIES

Cr GN Jones
Cr BE McAlpine
Cr M Huggett
Cr IW Hyde
Mr Malcolm Mills
Mrs Irene Mills
Mr Peter Zenni
Mr William Carter
Mrs June Carter

3.0 MINUTES OF PREVIOUS ANNUAL ELECTORS MEETING

MOTION 6981

Moved Cr. S Carter
Seconded Cr. G Sanderson

That the Minutes of the Annual Electors Meeting held on 23 March 2010 be confirmed

MOTION CARRIED

4.0 PRESENTATION OF ANNUAL REPORT CONSISTING OF:

4.1 PRESIDENT'S REPORT

MOTION 6982

Moved Cr G Sanderson
Seconded Cr D McFarlane

That the President's Report for the financial year 2009/10 be received.

MOTION CARRIED

4.2 CHIEF EXECUTIVE OFFICER'S REPORT

MOTION 6983

Moved Cr J Martin
Seconded Cr S Carter

That the Chief Executive Officer's Report for the financial year 2009/10 be received.

MOTION CARRIED

4.3 FINANCIAL REPORT FOR THE 2009/10 FINANCIAL YEAR

MOTION 6984

Moved Cr D McFarlane
Seconded Mr C Hyde

That the 2009/10 Annual Financial Statements and Report, as presented, be received and adopted.

MOTION CARRIED

4.4 AUDITORS REPORT

MOTION 6985

Moved Cr G Sanderson
Seconded Mr H Hyde

That the Auditor's Report for the financial year 2009/10 be received.

MOTION CARRIED

5.0 OTHER INFORMATION & QUESTION TIME

Nil

6.0 GENERAL BUSINESS

Nil

Mrs Margaret McFarlane entered the meeting at 6:47pm

7.0 CLOSURE OF MEETING

There being no further business, the Chairperson closed the meeting at 6.48pm.



Section Two Annual Report



COUNCILLORS OF THE SHIRE



(from left to Right)

CR R.S. NIXON (Robert) - President

PO Box 1, Kalannie WA 6468

☎ (08) 9666 2045 Fax: (08) 9666 2100

CR I. W. HYDE (Ian)

PO Box 323, Dalwallinu WA 6609

☎ (08) 9661 1578 Fax (08) 9661 1578

CR S.C. CARTER (Steven)

P O Box 148, Dalwallinu WA 6609

☎ (08) 9666 3017 Fax (08) 9666 3066

CR J MARTIN (Julie)

PO Box 209, Dalwallinu WA 6609

☎ (08) 9661 1004 Fax (08) 9661 1314

CR G.N. JONES (Glen)

C/- Landmark, Dalwallinu WA 6609

☎ (08) 9661 1678 Fax (08) 9661 2073



(from left to Right)

CR W.M. DINNIE (Bill) OAM JP

Post Office, Wubin WA 6612

☎ (08) 9664 2010 Fax (08) 9664 2049

CR D.H. McFARLANE (David) JP - Deputy President

PO Box 24, Ballidu WA 6606

☎ (08) 9674 3031 Fax (08) 9674 3001

CR M.C. HUGGETT (Malcolm)

PO Box 110, Dalwallinu WA 6609

☎ (08) 9661 1094 Fax (08) 9661 1367

CR G.H. SANDERSON (Graham) JP

PO Box 48, Kalannie WA 6468

☎ (08) 9666 2018 Fax (08) 9666 2018

CR B.E. McALPINE (Brian)

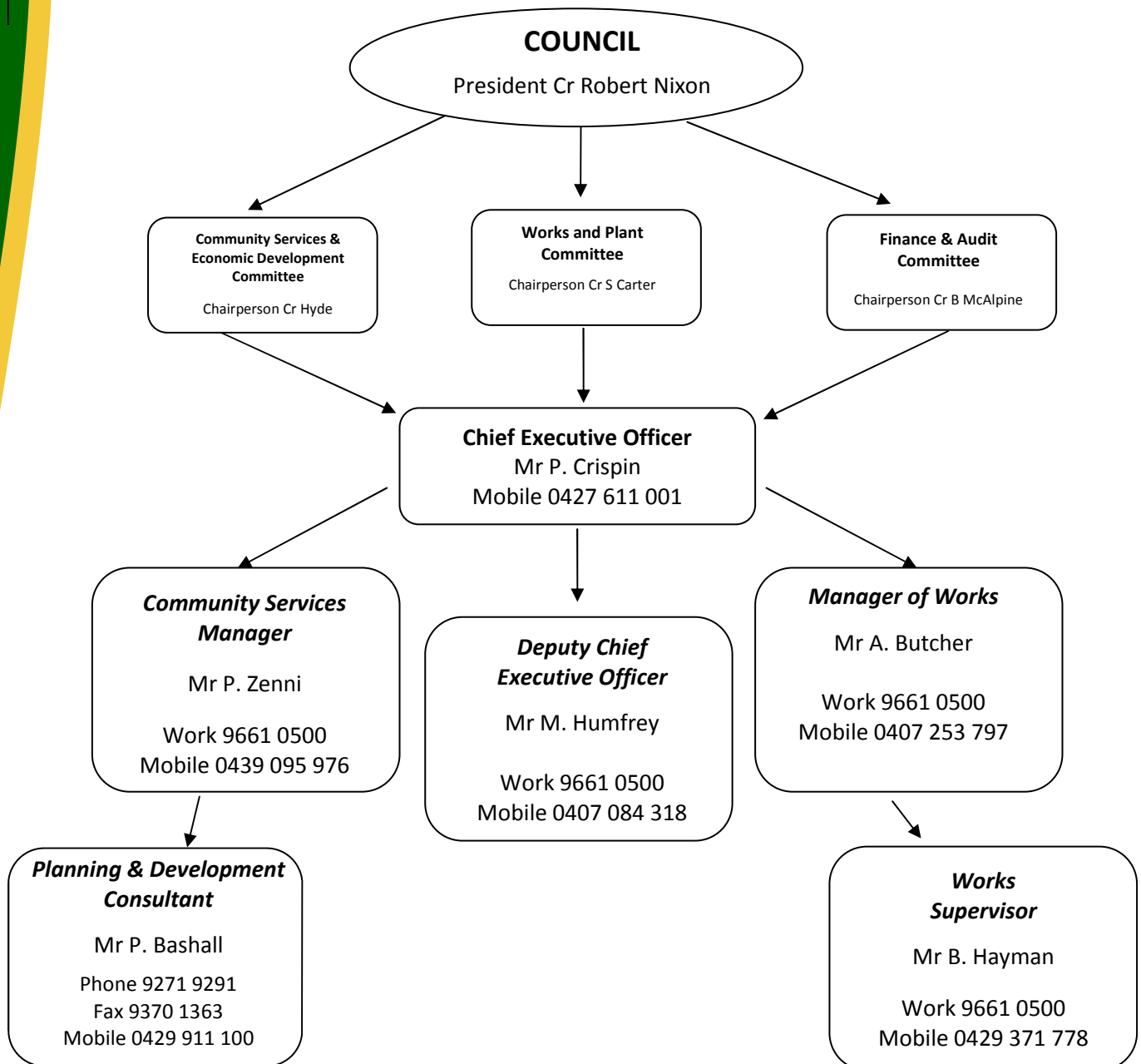
Post Office, Wubin WA 6612

☎ (08) 9664 2053 Fax (08) 9664 2053

MANAGEMENT STRUCTURE

The Shire of Dalwallinu has developed its Management Structure to achieve efficient and effective delivery of services and to provide prompt customer service.

The three line Managers have been vested with specific responsibilities, and enjoy a high level of autonomy in carrying out their functions. This is coupled with direct accountability for their respective areas of management. The Managers share a strong commitment towards efficient delivery of Local Government services.



President's Report



On behalf of Council I am pleased to present the President's Report for the 2010/2011 financial year to report on the major activities and achievements of the Shire of Dalwallinu.

Councillors represent three wards: East Ward - Cr Graham Sanderson and Cr Robert Nixon; North Ward - Cr Brian McAlpine and Cr Bill Dinnie; South Ward - Cr Steven Carter, Cr Glenn Jones, Cr David McFarlane, Cr Malcolm Huggett, Cr Ian Hyde, and Cr Julie Martin who was elected to fill a vacancy.

The Hon John Castrilli MLA, Minister for Local Government has approved Council's recommendation to reduce the number of Councillors from 10 to 9, and dispense with wards for the Council Elections in September 2011. Council view was that the Shire's changing population distribution, mainly from farms to towns, made it necessary to keep re-adjusting ward boundaries to maintain the required elector to councillor ratio.

Council has continued to maintain the committee structure to enable a more thorough development and assessment of policies prior to Council Meetings. The three standing committees are the Finance and Audit Committee, the Community Services and Economic Development Committee and the Works & Plant Committee. Specific Objectives and Goals for the Year ahead are updated annually. Given the increasing roles and responsibilities of the Shire the committee system provides an important role in Council's governance, particularly attention to sustainable asset management strategies and renewal.

In February 2011 Council recommended a Regional Repopulation Advisory Committee be established. This initiative was in response to a Buntine community request, initiated by Mr Stuart McAlpine to relocate migrants to the Shire to fill job vacancies, while improving the utilisation of established State and Shire infrastructure such as schools, hospital, medical centre and sporting facilities. A survey confirmed a critical shortage of labour due to the expansion Dalwallinu's manufacturing and service providers. Dalwallinu is the only regional agricultural and mining service provider on Great Northern Highway.

The Committees' Specific Objectives include pursuing the goals of the Council endorsed Regional Repopulation Plan that will ensure the project will "liaise with State, Federal, and non-for-profit agencies as part of the Perth Working Group to further develop and implement the plan." It is intended that the plan achieves pilot project status to enable it to be expanded and adopted on a wider regional basis.

Council has been fortunate in having all senior management positions held and maintained by competent officers under the direction of CEO, Mr Peter Crispin. Their initiative is acknowledged to participate in partnership arrangements with the Departments of Agriculture and Food, and the Department of Regional Development and Lands.

Dalwallinu Discovery Centre

On 11th September 2010 the Premier of Western Australia, Hon Colin Barnett MLA, officially opened the Dalwallinu Discovery Centre before a large gathering that included politicians, and present and past residents. The opening preceded the official opening of the Dalwallinu Centenary Celebrations.

This multi-functional building, with a regional focus on tourism, has impressive architectural features befitting for a productive agricultural Shire with a progressive community. The idea grew from a suggestion in a paper presented to an Acacia Symposium at Dalwallinu in July 2001. The Discovery Centre project has been acknowledged for representing excellent value to the State and Federal Government funding agencies that provided funds to build this iconic facility featuring distinctive tree columns and roof lines to complement. Subsequently the Discovery Centre project was a finalist in the Local Government Best Practice section of the Regional Achievement and Community Awards.

Budget Allocations for Infrastructure Maintenance

The Shires major economic activity is grain production and support services. An expansive well maintained road network required to sustain its reputation as the *Wheat Shire*. Challenges are presented to meet industry expectations with the continuing trend for larger capacity grain harvesters and multi combination vehicles to transport grain, fertiliser, lime and gypsum.

For instance the Shire completed the sealed upgrade of its section of Lime Route 4 many years before other Shires that share the Lime Route. This has resulted in extra costs being transferred back to the Shire of Dalwallinu as extra road maintenance costs, because a significant portion of lime cartage has been re-directed to the sealed Buntine – Marchagee Road from Greenhead. Consequently lime deliveries to farms in the Shire often do not utilise the road network as it was designed. Minor unsealed roads are being used within the Shire when they would have been avoided if Lime Route 4 from Watheroo was upgraded and used as originally planned.

Council's 2010/2011 budget focus was to effectively and efficiently maintain the large asset base of 1939kms of road, including 449kms of sealed roads, spread over 7,187square kilometres and some 40 buildings to provide housing, aged care, medical services, recreation and sporting facilities and tourism requirements. This budget had a projected Operating Expense of \$6,583,022.

The Road Construction Programme had a budget allocation of \$1,857,865 allocated to 89.9 km of verge maintenance, 67.39km of gravel re-sheeting and 22.36km of bitumen resealing To ensure the requirements of a potential 500,000 tonne local grains industry are satisfied, a multi-combination vehicle network of roads is provided to service six grain delivery sites.

Council has a plant replacement schedule so the most suitable plant is available for road construction and maintenance. This schedule stipulates the year when each item of plant is replaced as its fit for purpose economical life has been reached. A strong emphasis continues to be placed on compaction and water binding to extend road life, therefore it is critical to source both gravel and water requirements close to road works to reduce costs. The maintenance of adequate funds for roads is critical as the sub-base of a number of sealed roads within the Shire progressively approach the end of their economic life.

The Shire has continued to subsidise the Medical Centre as it is unable to achieve full cost recovery after providing a house and vehicle for the Doctor. Support to community groups is provided by way of financial and administrative support. Groups supported in the budget include the Dalwallinu Agricultural Society, Schools, Wubin Progress Incorporated - who operate and maintain a museum complex; and the Liebe Group – who promote and engage in agricultural research and development. Other community groups were assisted through the Community Grants Scheme.

Community and Economic Development

Council continues to direct considerable effort towards enhancing the lifestyle of the community. The Shire receives positive comments on the quality of our sporting facilities, parks and gardens, and in particular, the flower beds of Johnson Street, and the Dalwallinu Caravan Park. Tourism is of growing importance to the Shire, particularly the town of Dalwallinu and lifts the Shire's profile to the wider community. The Exploring Wildflower Country project has commenced that will link Dalwallinu Discovery Centre to Geraldton with a major tourist route.

The annual Community meetings were held in Dalwallinu, Buntine, Kalannie, Pithara and Wubin. These meetings enable the community to inform Council of their requirements and to seek clarification on Shire policies.

Citizenship Awards were presented on Australia Day recognising those who have generously contributed voluntary time and effort to emergency service organisations, service organisations and sporting clubs. Council acknowledges the valuable role these volunteers play sustaining the lifestyles of the communities of the five towns in the Shire. The Fire and Emergency Services Authority regional co-location facility needs a pool of volunteers to provide National Highway services extending from Miling to Paynes Find.

The Shire of Dalwallinu is strategically located on Great Northern Highway and as is the gateway from the south to a number of large resource development projects in the Mid West Region. Council has actively promoted the economic benefits of its strategic advantage. This initiative has been endorsed by the fact that large mining machinery is being serviced in the industrial area of Dalwallinu.

The Regional Repopulation Plan, already mentioned, will target the requirements of Dalwallinu agricultural and mining service capabilities.

The release of residential lots in the hospital subdivision and light industrial land south of Huggett Drive needs to be a continuing priority to satisfy the community and economic development requirements of the Shire.

Regional Involvement

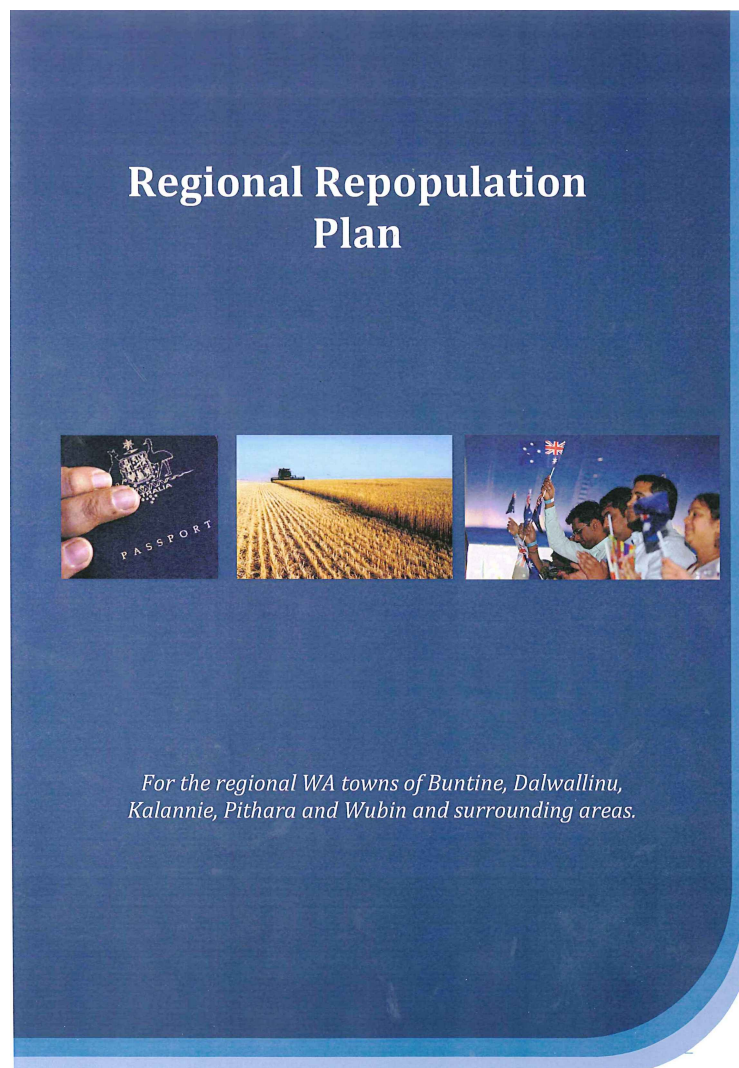
The Shire's geographic location on the boundary of the Wheatbelt Development Commission and the Mid West Development Commission means it has interests in common with both regions. For instance, the Shire is a member of the Mid West Chamber of Commerce to enable the services of the businesses within the Shire to be listed in the MWCC Directory for the Mid West Mining projects.

The Regional Repopulation Plan has a regional focus as it is a pilot project designed to be transferable.

Council provides delegates to regional groups that include the Yarra Yarra Regional Council, Central Midlands Voluntary Regional Council, Main Roads Group, and the Local Government Grain Infrastructure Group. The Infrastructure Group works towards maintaining the rail and road grain transport network in the Wheatbelt to ensure unnecessary costs are not transferred back to the road networks of the Shires.

In conclusion, Councillors would like to acknowledge and convey their appreciation for the valuable contribution made by all the community volunteers whose efforts are essential to the successful operation of all voluntary organisations in the Shire's five towns.

Cr Robert S. Nixon
PRESIDENT



Chief Executive Officer's Report



On behalf of all Shire staff, I am pleased to present the Chief Executive Officer's Report for the 2010/11 financial year.

The past twelve months has been more of an asset consolidation year rather than a development period for the Shire. There were still development projects completed including the redevelopment at Nugadong Airstrip where vermin proof fencing was installed, the runway resealed and a patient transfer station erected (mainly for the use of the St John Ambulance for transfers to the Royal Flying Doctor Service). Other smaller projects, such as the upgrading of lighting and sound at the Dalwallinu Town Hall (through funding from the Regional and Local Community Infrastructure Fund) and the Fitness Park at the oval (through Landcorp sponsorship), were also able to be completed.

The Dalwallinu Medical Centre continued to flourish under Dr Hendrick Smit and in early 2011 Mrs Gail Smit was employed as a Practice Nurse. This change has resulted in a better service for patients and has helped to stop the workload from overwhelming Dr Smit, whose extensive knowledge and skills have been tested many times since his arrival. The frequent services of a lady doctor (through an agreement with the Royal Flying Doctor Service) continues to be well patronised and only enhances the very good choice and quality of medical care that is available to the community.

The expected release of the first 10 lots of the proposed new 35 lot residential subdivision (a project that the Shire has been working on since 1994) behind the old ambulance hall did not occur during this period, but it is expected that they will be available for purchase and building soon into the new financial year. Work continues on funding applications for the extension to the industrial area south of Huggett Street (Formerly Leahy) Dalwallinu aiming for construction in the coming financial year.

The Shire continues to follow with great interest, the growing mining operations to the north. Relationships have been developed with many mining companies and associated businesses. Many businesses in the Shire already provide products and services to the mining sector and this is seen as one way to diversify the economic base of the Shire.

The works crew, under the expert management of the Manager of Works, Mr Allister Butcher, have continued to maintain and improve the Shire's infrastructure assets (roads, parks, ovals, gardens, etc) to a high standard. The roads in the shire are maintained to a very good quality, although heavy traffic, storms, etc can cause many problems that require additional rectification. The main street of Dalwallinu continues to receive praise from far and wide and I have lost count of the number of people who have wished that they could transport it to their towns. The town and gardening crew (under the direction of Mr Kevin Ashby) deserve all the accolades for maintaining this to such a high standard. After the short period of only 8 months the Works Supervisor, Mr Sam Wooden, departed and was replaced by Mr Brett Hayman who has taken to the job with relish and is proving himself to be a very important part of the works crew. All members of the outside works team, under the direction of Allister Butcher and Brett Hayman, should hold their heads high and be proud, as I am, of their efforts over the past twelve months.

Towards the end of this financial year two other Managers have resigned from their positions. The Deputy Chief Executive Officer, Mr Mat Humfrey, departed for the demanding challenge of the Town of Cottesloe. A replacement has been appointed, but Mr Keith Jones (ex Boyup Brook) will not commence until early into the new financial year. The end of the financial year also saw the resignation of the Community Services Manager, Mr Peter Zenni, who departed the local government scene and intended to head to Europe for a few months. A replacement has also been appointed, with Miss Debbie Fortuin (ex New Zealand) to also commence early in the new financial year. The changeover of the Community Services Manager will present some problems for the Shire as under the new legislation very few people are qualified as both Building Inspectors and Environmental Health Officers.

The State Government agenda of structural reform (including amalgamations) has not gone away and is still taking away our time and energies that should be focused on improving our own communities. New requirements for comprehensive integrated strategic planning have been introduced and an exorbitant amount of time and/or funding will be needed to comply with these requirements. During the year, Council reviewed the current ward system and the number of elected representatives (Councillors) and resolved to remove the ward system and reduce the number of elected members from ten to nine for the election to be held in October 2011.

The Shire is becoming more and more involved in partnerships and groupings for specific purposes. Examples include the Exploring Wildflower Country Trails project (in partnership with the Shires of Morawa, Perenjori and Greater Geraldton (formerly Geraldton-Greenough and Mullewa) that will come to fruition in the new financial year, the membership of and funding for the Mid West Chamber of Commerce and Industry (MWCCI), and the administration of a wild dog project (in partnership with the Department of Agriculture and Food). The membership in the MWCCI and the funding of the procurement officer is in response to ensuring that local businesses have access to the growing mining operations to the north. Relationships have continued to be developed with many mining companies and associated businesses. Many businesses in the Shire already provide products and services to the mining sector and this is seen as one way to diversify the economic base of the Shire.

Local emergency services volunteers in the Shire continue to provide a very valuable service to both the community and other members of the public. I am in awe of the remarkable job that these dedicated volunteers carry out and I commend all those involved. The community relies on volunteers who contribute in so many different ways and I congratulate everybody who volunteers in any capacity in the community.

Looking forward, the Shire is considering its priorities and hopes to use Royalties for Regions funding to develop more housing.

I wish to thank the staff that have left during the year and look forward to working with the new managers and staff that are commencing in the new financial year. I would like to specifically thank Miss Liz Lofthouse (Accountant) and the administration staff for all their work during the year, especially during the budget development period. The Shire continues to be so successful due to the diligence of the managers and staff which is not always recognised or respected. I congratulate them for their hard work during the year.

Peter J. Crispin
CHIEF EXECUTIVE OFFICER

Deputy Chief Executive Officer's Report



The 2010/2011 Financial year was prior to me commencing my position with the Shire of Dalwallinu however I have been through the financial figures and make the following comments.

Overall the Shire of Dalwallinu is still in a strong financial position with a surplus carried forward into the 2011/2012 Financial Year. This admittedly is partly due to some unspent grant funding and a prepayment towards the 2011/2012 year from Federal Assisted Grant Scheme (FAGS).

The Capital funding for the 2010/2011 year showed \$1.1 million in property plant and equipment and an amount of \$2.1 million for roads and infrastructure. Another positive situation in relation to the road network identified that a revaluation was necessary as the existing infrastructure was worth more than what had been showing in the balance sheet after depreciation. This resulted in a further \$5.1 million being recognised in the road infrastructure.

Comparing the administration team to my previous employment, I find that we have a skilled and dedicated group, committed to the tasks they perform and are working very diligently as a team providing the various services the Shire of Dalwallinu is responsible for.

This year has continued the focus on asset management, and in particular the cost of maintaining assets in the long term. The Shire had been funded to complete a Forward Capital Works Plan, which was completed in the 2010/2011 financial year. I agree with my predecessor who stated last year, "The Shire is in the fortunate position of having well maintained assets, meaning that the Forward Capital Works Program should be relatively simple to implement, without any significant funding shocks". Many other small rural municipalities would be extremely envious of what Dalwallinu has.

Due to the fact that The Deputy Chief Executive Officer position was vacant for a period of four months, this placed additional strain on the remaining staff during that time. To finish the Annual Financial report required additional effort from the Accountant and her staff and I commend their input.

As noted in the Auditor's report, there are no material or significant matters in the Shire's financial position that need addressing. The only two matters raised in the Audit Report related to timing issues that will not be a concern in the future.

All of the Shire's financial ratios are strong and financially the Shire is well placed to take advantage of any strategic opportunities that may arise. I look forward to contributing my skills to the advancement of the Dalwallinu Shire.

Keith Jones

DEPUTY CHIEF EXECUTIVE OFFICER

Community Services Manager's Report



For the period of 1st July 2010 to the 30th June 2011, the Shire of Dalwallinu issued 15 Building Permits for construction work within the Shire.

For the period of 1st July 2010 to the 30th June 2011, the Shire of Dalwallinu issued 8 Planning Approvals for development work within the Shire.

Regular inspections of food premises revealed general compliance with legislative requirements.

Peter Zenni
COMMUNITY SERVICES MANAGER



Manager of Works Report



General

In 2010/11 there was a changing of the guard with the retirement of John Ellison as Works Supervisor. John has spent a total of 37 years employed at the Shire of Dalwallinu. With the loss of experience and years of local knowledge there were some big shoes to fill, the Shire employed Sam Wooden as the new Works Supervisor. Sam was only with the Shire for a short period of time (9 months) but during that time was able to implement some enhancements in road maintenance and construction procedures that have lead to improved efficiencies within the Shire Works Department. As of March 2011 Brett Hayman was promoted from within the ranks to Works Supervisor and has proven to be a significant gain for the Shire.

Construction

Every year the Shire of Dalwallinu spends a lot of its energy on constructing its roads and drains to the highest possible standard and in the areas that have been deemed to be in the greatest need of upgrading or improvement. The Shire was unable to complete the Works Program, this was due to a number of external (unforeseeable) influences such as well below average rainfall and plant maintenance downtime (due to an extended period of time without a mechanic). If it had not been for the procurement of the semi-trailer water tanker the Shire would have not been able to complete as many projects as it did.

The Shire of Dalwallinu has taken a proactive approach towards maintaining our sealed road assets by undertaking some pavement reconstruction works (including widening 6m wide sealed roads to 7m) in 2010/11. This is a positive step forward for asset management in the Shire to ensure that in years to come the Shire will not be burdened by a large amount of pavement reconstruction work. The Shire of Dalwallinu is undertaking this by systematically renewing assets in a sustainable and economically viable manner.

The Shire was able to complete a total of 37 projects, which is a huge credit to the Works Supervisors, Peter Flood (Leading Hand) and the Construction Crew. The Shire has undertaken less Capital Roadwork projects than 2009/10 (a decrease of 23 projects) but has completed larger projects which has down on mobilisation and demobilisation and the subsequent costs involved. This means that more work is completed over the same period of time.

In the 2010/11 financial year the Shire spent \$929,697 on road construction. This work included:

- 15.41km of resealing (a decrease of 32.41km from 2009/10);
- 89.91km of verge clearing and reforming of roads (as per clearing exemptions; an increase of 66.65km from 2009/10);
- 50.44km of gravel sheeting (a decrease of 9.45km from 2009/10);
- 5.34km of shoulder reconditioning works (an increase of 5.34km from 2009/10);
- 3.9km of pavement reconstruction and widening (an increase of 3.9km from 2009/10); and
- 0.5km of footpath construction.

The Shire of Dalwallinu expended the following amounts in the following areas:

• Regional Road Group	\$222,151
• Roads to Recovery	\$543,700
• Black Spot	\$ 57,942
• Road Program	\$754,450
• Footpath Construction	\$ 32,521

As part of the construction works the Shire obtained \$835,486 in grant funding to assist with the construction works. The break down of this funding was:

- Regional Road Group (State) \$155,266
- Roads to Recovery (Federal) \$543,700
- Black Spot \$0
- Direct Grant (State) \$160,373

Procuring gravel is always an issue for the Shire of Dalwallinu, any assistance that rural landowners may be able to give would be greatly appreciated.

Maintenance

The Shire of Dalwallinu not only constructs roads and drains but it also maintains these assets so that the public are able to utilise this infrastructure. The Shire of Dalwallinu prides itself on the fact that it maintains its roads and drains to the highest possible standard, especially when compared to its neighbouring Shires. This is a massive credit to the maintenance grader drivers of Ted Richards and Ian Cherry as well as the Maintenance Crew.

This year was a tough year for rural road maintenance due to the lack of rain. The maintenance grader operators only completed approximately two weeks of winter grading for the entire financial year.

In 2009/10 the Shire of Dalwallinu spent \$2,368,442 on maintaining the Shire's assets with regards to the Works Department. Some of that amount was spent in the following areas:

- Road Maintenance \$816,209 (an increase of \$132,102 from 2009/10)
- Street Cleaning \$ 70,993
- Traffic Signs & Control \$ 73,467
- Street Tree Maintenance \$ 24,023
- Road Verge Spraying \$ 38,301

Parks & Gardens

Every year, especially during wildflower season, the parks and gardens in the Shire of Dalwallinu look amazing. The Shire's Parks and Gardens employees work tirelessly year round to ensure that all of the town sites in the Shire of Dalwallinu are welcoming to passing motorists and Shire residents alike. Not only does the Works Department manage the parks and gardens but they also maintain the other public open spaces in the Shire that comprise ovals and other areas that residents and tourists may visit that are not necessarily parks. The Shire of Dalwallinu receives numerous compliments each year from tourists which is an enormous credit to Kevin Ashby and his Garden crew.

In 2010/11 the Shire of Dalwallinu spent \$206,428 (an 11% increase from 2009/10) on maintaining its parks and gardens and a total of \$82,270 on the Dalwallinu and Kalannie ovals.

Plant & Machinery

In 2010/11 the Shire of Dalwallinu purchased a number of items of plant to assist with the completion of the Works Program and maintain a sustainable and economical fleet.

The vehicles of note that were purchased are as follows:

- Caterpillar 12M Grader
- Shermac Roadserve 3000 Water Tanker (semi-trailer)
- Daily Iveco Building Maintenance truck

The Shire also set in motion the construction of a new hydraulic trailer broom for using on road construction projects. Unfortunately it was not ready by the end of financial year but will be delivered in 2011/12.

Allister Butcher

WORKS MANAGER



Medical Officer's Annual Report

The 2010/2011 financial year was in most aspects an uneventful year, with the medical practice continuing to provide security for patients in the knowledge of having readily available medical care 24hrs per day.

Patient numbers have steadily kept on growing, including patients from surrounding communities accessing the practice services. Unfortunately the practice has struggled financially during this financial year. The major contributing factor is the fact that 75% of patients are public patients with a limiting Medicare rebateable fee structure. The income generating structures is under constant review by the medical staff and viable options will be implemented as required.

The practice has acquired the services of a registered nurse, Gail Smit on a part-time basis. This has been a great addition to the practice, with her doing practice nurse duties including help with medical care plans and most phlebotomies. The practice nurse has enabled an easier flow and availability of appointments by freeing up time for the doctor.

Some concerns were raised about the medical practice relating to a pharmacy that will be opening in town. Concerns were raised with the Shire Council regarding the financial impact on the medical practice, the uncertainties regarding staff job security and ultimately the future of the medical practice. These issues are still ongoing in anticipation of a pharmacy opening in town.

In anticipation of this, the practice management and staff are considering operational changes, including changes to the fee structures and consultation times at the medical practice. Patients will be informed well in advance of any changes that will occur in the new financial year.

Dr 'Ellie', the visiting female doctor, continues to visit the practice on a monthly basis. She attends to women's health issues on request. The practice is also privileged to have the services of a visiting psychologist from Perth (fortnightly) and a diabetic educator from Northam (every 2 months).

Securing locum relief for the local doctor proved a problem and an ongoing quest, with no locum(s) employed during this year.

The doctor and staff at the medical practice want to thank the Dalwallinu Shire Council for their support during this financial year.

Dr Hendrik Smit
MB ChB, FRACGP
SPECIALIST GENERAL PRACTITIONER

Dalwallinu Hospital Annual Report

Dalwallinu Hospital has continued to strive to produce the best possible outcomes for all patients. This year in May saw the hospital achieve the Australian Council on Health Care Standards (ACHS) 4 year accreditation. All WACHS Wheatbelt sites were surveyed at the same time, a mammoth task that saw 8 surveyors travel throughout the Wheatbelt surveying all sites for a week. Dalwallinu Hospital staff are to be commended for the continued high standard of care required to meet the stringent standards set by ACHS.

There continues to be a strong emphasis on providing ongoing education for all staff. Use of the Video conferencing (VC) unit has meant we have been able to access training through this medium. The reduction in travel time is an obvious bonus and a wide variety of courses are available. Patients have also benefited and have had clinical appointments via VC again reducing very costly and time consuming travel.

Nursing and support staffing levels at the hospital have been very stable this year. There are 2 residents in Pioneer House and the Shire aged units are full. Acacia house has 2 residents with one room well used for respite and the hospital has 3 residents. The HACCC exercise groups continue to be extremely successful with high attendance figures maintained throughout the year. These exercises are designed to decrease the number of falls in our community members and increase social and mental wellbeing.

The men's group, scrabble and Activity Day are also well attended. We have a great band of volunteers who deliver Meals on Wheels, Red Cross ladies and other members of the community who visit our residents and tend to the garden or just come for a social visit and chat. These volunteers are to be heartily thanked for their contribution in brightening the lives of our residents.

Again a big thank you must go to the St John's volunteer Ambulance officers who give up a lot of their time to attend to emergencies for the benefit of their community. They are often working in very trying conditions and are to be commended for their professionalism and compassion.

Jeanette Syme
HEALTH SERVICES MANAGER
Dalwallinu Hospital

Chief Bush Fire Control Officer's Report

I am pleased to present the 2010/2011 Chief Bushfire Control Officers Report.

There were 14 call outs this season:

- 3 truck fires on the Great Northern Highway.
- 1 pole top fire.
- 3 lightning strikes.
- 1 stubble fire caused by header.
- 1 assist truck roll over (goats).
- 1 deliberately lit.
- 1 controlled burn escape.
- 2 false alarms.
- 1 shed fire.

Thank you to all the Volunteers who helped during this season. The cooperation received from the Fire Rescue Service is always appreciated.

Gary Butcher

CHIEF BUSH FIRE CONTROL OFFICER



Competition Policy

COMPETITION REFORM

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform.

Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

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. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.

Competitive neutrality should apply to all business activities, which generate a user-pays income of over \$200,000, unless it can be shown it is not 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.

Annual Reports must show that a public benefit test has been conducted for all significant business activities. They should also provide information on how a decision was reached to implement or not implement competitive neutrality in each case.

If competitive neutrality has been found to be in the public interest, the Annual Report must show the schedule for implementing it over the coming year.

As the Shire of Dalwallinu does not have any 'Significant Business Activities' with an annual user-pays income exceeding \$200,000 p.a. this negates further action or reporting obligation.

Competition Policy Continued

LEGISLATION 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.

There are specific reporting requirements which must be included in the Annual Report, including:

- a) A statement of which local laws have been reviewed, the conclusions of those reviews, and an implementation schedule for any resultant recommendations;

In 2000, Council reviewed all Local Laws. A further review of Local Laws will be undertaken in 2011.

- b) A forward strategy for Local Health Laws is still to be reviewed, however until the Health Act and Regulations are reviewed, no action can be taken for those local laws.

The Shire of Dalwallinu received advice as to NCP compliance, however will await the review of the Health Act.

- c) A statement indicating that the Clause 7 legislation review principles have been complied with. (The Clause 7 statement is the agreement reached between the Western Australian Local Government Association and the State Government on application of NCP.)

Review of the Operating Procedures and Local Laws for the Shire of Dalwallinu confirm legislative requirements have been complied with, as required.

STRUCTURAL REFORM

Before Local Governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

Where applicable, all Local Governments in Australia must report their adherence to structural reform principles. At present, this requirement has a very limited impact on Local Government in Western Australia, and most will not need to provide this information.

Disability Access and Inclusion Plan Report

Council maintains all public buildings to the requirements for disabled access.

The Dalwallinu Library contains information to assist persons with disabilities and a range of aids are provided, for example cassette and large print books.

Council's Disability Access and Inclusion Plan has now been finalised and is available for review at the Administration Office. Persons wishing to discuss needs and requirements should contact Council's Environmental Health Officer.

Section 29 of the Disability Services Act 1993 requires Council to provide a report on the implementation of their Disability Services Plan.

In accordance with the Act, and the requirements issued under the five key outcomes, the following information is provided:

Key Outcome One – Existing Services (adopted)

Footpath improvements are ongoing. Footpaths were constructed in Johnston Street, Dalwallinu as well as Locke Street, Kalannie. These works include pram ramps down to road level to assist access. Furthermore a number of additional ACROD parking bays have been provided in the Shire.

Key Outcome Two – Access to Buildings is Improved

In 2007, the Shire of Dalwallinu commissioned E-QUAL to prepare a disability access audit report for the Shire. The report identifies access issues and recommends certain actions.

Council considered the findings of this report and determine priorities for incorporation in a schedule of works forming part of the Budget.

As a result a number of initiatives have been implemented throughout the year aimed at improving access for people with disabilities to existing buildings of a public nature with the Shire.

In addition the Councils Community Services and Economic Development Committee have identified the need for the provision of additional housing for the aged within the Shire of Dalwallinu.

Key Outcome Three – Information Provided in Formats, which meet the communication requirements of people with disabilities

Library information includes all levels of books and information to assist individuals with specific disabilities. Additional formats i.e. brail can be provided on request.

Key Outcome Four – Advice and Services provided by staff with understanding of persons with disabilities

Staff are aware that issues may arise and have access to management staff who can further assist. Staff awareness has been improved by ensuring that the formal staff induction process contains information relating to compliance with the requirements of the Disability Services Act 1993.

Disability Access and Inclusion Plan Report Continued

Key Outcome Five – Opportunities are provided for persons with disabilities to participate in public consultations, grievance mechanisms etc.

Council provides opportunities for all residents and interested persons to participate. All public venues chosen are provided with disabled access.

Recordkeeping Plan Report

Consistent with the provisions of the *State Records Act 2000*, the Shire of Dalwallinu has, at 14 September 2004, adopted an Approved 'Recordkeeping Plan' and satisfied the compliance requirements of the Act, and has provided sufficient and appropriate training for the staff in this responsibility having had the Chief Executive Officer approve the Operational Procedures Manual for this training. This plan was reviewed in November 2007.

PURPOSES

The purpose of this Recordkeeping Plan (RKP) is to set out the minimum requirements as to which records are to be created by the Shire of Dalwallinu and how it is to keep its records. Recordkeeping Plans are to provide an accurate reflection of the recordkeeping program within the organisation, including information regarding the organisation's recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP is the primary means of providing evidence of compliance with the Act.

OBJECTIVES

The objectives of the Shire of Dalwallinu Recordkeeping Plan are to ensure:

- Compliance with Section 19 of the State Records Act 2000;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and
- Protection and preservation of the Local Government's records.

PERFORMANCE INDICATORS

Under Section 6.2 of the Shire of Dalwallinu's Recordkeeping Plan, Performance Indicators, as listed below, were tested successfully with less than 10% error rate being recorded:

- An annual test to retrieve documentation with a random choice;
- Selection of twenty items with an error rate less than 10% being acceptable.

PLAN FOR THE FUTURE OF THE DISTRICT

On 11 August 2009, the Council adopted a “Plan for the Future of the District” for the next four years. The plan identified 6 priorities in order of importance. Strategies were then developed for the first 4 priorities. A review of the status of these 4 priorities follows.

PRIORITY 1 – ATTRACT AND SUPPORT BUSINESS AND SERVICES

Strategy 1 Provision of residential and industrial/commercial land

- Negotiations are well underway with Landcorp to begin the Hospital Land Subdivision
- Town planning scheme review has commenced, which has identified land that could be developed as industrial/ commercial
- Negotiations are underway to acquire the old ambulance building site, which could be redeveloped for housing

Strategy 2 Planning and promotion of Dalwallinu businesses and services

- Economic and Community Development Officer employed July 2009
- Expansion of online presence
- Relationships with mining companies to North of the Shire developed and maintained

Strategy 3 Investment attraction and readiness

- Business Attraction and Incentive Policy passed
- Highway signage program developed

Strategy 4 Increase the population capacity of the district

- Hospital Land subdivision progressed
- Use of vacant farm houses being investigated

Strategy 5 Support the development of the tourism industry

- Dalwallinu Discovery Centre, including visitor information centre completed
- Support given to Tourism Committee and “Wildflower Promotions”
- Project Officer undertook several promotional activities during the year, including at the Caravan and Camping Expo and Dowerin Field Day
- Supported the Centenary Celebrations
- Development of the “Exploring Wildflower Trails” project with Perenjori, Morawa, Mullewa and Geraldton-Greenough

Strategy 6 Support the development of the mining and agricultural support industries

- Maintained relationships with several mining companies
- Completed the Dalwallinu Discovery Centre, including the Interactive Display Space that incorporates several displays on mining

Strategy 7 Create an environment conducive to employment growth

- Consulted widely with local businesses to ascertain the restrictions on business growth
- Commenced the Town Planning Scheme review, which included an expansion of the current area zone industrial

Strategy 8 Develop a range of housing options, including rural residential land, to increase the district's population capacity

- Hospital Land Subdivision progressed
- Town Planning Scheme review commenced
- Local Planning Strategy commenced

PRIORITY 2 – IMPROVED LIFESTYLE

Strategy 1 Provide or facilitate the provision of adequate and sufficient aged and disability services

- Continued to provide dedicated aged and over 55's accommodation
- Continued to work with local health providers to ensure sufficient services

Strategy 2 Provide, facilitate the provision of or lobby for improved telecommunications services for all residents

- Continued to lobby for improved services (particularly black spots) with private agencies and government.

Strategy 3 Provision of high quality medical services

- Continuing employment of a Doctor and provision of the local medical practice
- Working with state authorities to improve services from Dalwallinu District Hospital
- Negotiations with private pathology company to employ a practice nurse
- Provision of other services, such as an optician working from the Medical Centre

Strategy 4 Develop youth facilities and improve sport, recreation, social and cultural facilities – and ensure the maximum possible usage of these facilities

- Completed the refurbishment of the Dalwallinu Hall, including the dedicated youth space
- Support of the Dalwallinu Dance Group in the provision of their program
- Maintained several high quality sports facilities for community use
- Grant received and contract awarded for the construction of a synthetic bowling green at the Dalwallinu Sports Club

Strategy 5 Develop a law abiding and friendly community, with a strong civic focus and appreciation of the efforts of the district volunteers

- Open communication maintained with district police officers
- Continued promotion of the Shire's emergency services volunteers
- Advocating for residents to report illegal activities (especially where affecting community assets)

Strategy 6 Ensure that the Shire's operations are conducted in an ecologically responsible manner

- Policy exists to always use solar hot water on all new houses and replacement systems
- Applied for grants for conversion to solar power

PRIORITY 3 – ESTABLISH DALWALLINU AS A CENTRE FOR REGIONAL SERVICE PROVISION

Strategy 1 Develop effective relationships with key government agencies

- Strong relationship developed with Landcorp – with particular focus on land development within the Shire
- Continued relationships with various government agencies such as MRWA, RDL, Water corp., Housing etc

Strategy 2 To develop strong communication with appropriate State and Federal members of Parliament

- Successfully hosted the Premier for the opening of the Dalwallinu Discovery Centre
- Maintained a strong working relationship with several local members of Parliament
- Attended community parliaments whenever run and met with various Ministers

Strategy 3 Promote the Shire's geographical advantages to key stakeholders

- An active strategy of including the importance of the Shire's strategic location on Great Northern Highway was pursued at every opportunity
- The location relevant to the mid west mining developments has been promoted to all visitors to the Shire

Strategy 4 Shire to increase its ability to support neighbouring Shire's with key service provision and professional services

- The services of administration staff have been requested several times by neighbouring Shire's during the past year

Strategy 5 Make Dalwallinu a preferred venue for conferences and seminars

- Completion of the Dalwallinu Discovery Centre has provided a high quality venue to be used in this objective

PRIORITY 4 – POSITION COUNCIL FINANCIALLY TO BE ABLE TO TAKE UP LAND ACQUISITION OPPORTUNITIES

Strategy 1 Establish town planning plans and procedures to enable land development opportunities to progress for the greatest benefit of the district

- Town Planning Scheme review has been initiated
- Local Planning Strategy review has been initiated

Strategy 2 Establish a financial strategy to ensure development opportunities are achievable

- Grant awarded for the development of a Forward Capital Works Plan
- Consultant appointed for the development of a Forward Capital Works Plan
- All land/ building sales proceeds are held in reserve for future developments

Strategy 3 Identification of potential land development sites and development of appropriate business plans for development

- Hospital Land Subdivision progressed with Landcorp – construction expected to begin in the first half of 2011
- Several other sites of interest were identified with the Shire and negotiations with land holders and state government agencies in progress

Strategy 4 Ensure that business plans for land development maximise the benefit to the district

- Plans to be developed as the Town Planning Scheme and Local Planning Strategy have been completed



Section Three

Financial

Report



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

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dalwallinu 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 Dalwallinu 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 *Eighteenth* day of *January* 2012



Peter Crispin
Chief Executive Officer

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

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	2,399,955	2,388,261	2,279,781
Operating Grants, Subsidies and Contributions	28	2,360,171	2,271,209	2,455,896
Fees and Charges	27	1,442,752	1,626,522	1,461,976
Service Charges	24	0	0	0
Interest Earnings	2(a)	140,112	90,284	92,685
Other Revenue		96,758	16,000	36,635
		<u>6,439,748</u>	<u>6,392,276</u>	<u>6,326,973</u>
EXPENSES				
Employee Costs		(2,491,008)	(2,511,710)	(2,225,631)
Materials and Contracts		(932,669)	(1,351,672)	(1,060,315)
Utility Charges		(315,944)	(291,420)	(304,506)
Depreciation on Non-Current Assets	2(a)	(2,218,553)	(1,907,385)	(2,090,989)
Interest Expenses	2(a)	(100,311)	(98,462)	(104,173)
Insurance Expenses		(131,384)	(190,121)	(116,051)
Other Expenditure		(193,749)	(160,415)	(131,083)
		<u>(6,383,618)</u>	<u>(6,511,185)</u>	<u>(6,032,748)</u>
		56,130	(118,909)	294,225
Non-Operating Grants, Subsidies and Contributions	28	1,354,020	985,517	1,935,002
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	20	67,064	22,861	106,906
Loss on Asset Disposal	20	<u>(10,048)</u>	<u>(71,837)</u>	<u>(10,983)</u>
NET RESULT		1,467,166	817,632	2,325,150
Other Comprehensive Income				
Nil		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,467,166</u></u>	<u><u>817,632</u></u>	<u><u>2,325,150</u></u>

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

SHIRE OF DALWALLINU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		1,706	1,571	2,000
General Purpose Funding		4,571,558	4,499,603	4,270,995
Law, Order, Public Safety		28,183	77,418	35,038
Health		683,958	784,102	540,520
Education and Welfare		1,576	1,001	25,798
Housing		87,008	75,936	77,283
Community Amenities		339,118	316,096	307,558
Recreation and Culture		568,365	505,213	1,533,397
Transport		1,156,310	877,165	988,358
Economic Services		263,269	191,880	265,886
Other Property and Services		159,781	47,808	322,049
	2 (a)	<u>7,860,832</u>	<u>7,377,793</u>	<u>8,368,882</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(357,860)	(404,529)	(319,901)
General Purpose Funding		(183,215)	(191,699)	(167,672)
Law, Order, Public Safety		(67,061)	(81,274)	(82,759)
Health		(903,909)	(1,014,979)	(739,062)
Education and Welfare		(7,418)	(12,818)	(8,129)
Housing		(98,130)	(98,083)	(95,785)
Community Amenities		(428,244)	(525,262)	(454,988)
Recreation & Culture		(1,107,791)	(1,149,659)	(1,019,420)
Transport		(2,385,271)	(2,242,234)	(2,179,200)
Economic Services		(684,789)	(774,904)	(650,948)
Other Property and Services		(69,667)	(21,609)	(221,695)
	2 (a)	<u>(6,293,355)</u>	<u>(6,517,050)</u>	<u>(5,939,559)</u>
FINANCE COSTS				
Governance		(6,811)	0	(3,187)
Housing		(14,932)	(22,039)	(22,973)
Community Amenities		(20,768)	(21,072)	(21,413)
Recreation & Culture		(57,800)	0	(56,600)
	2 (a)	<u>(100,311)</u>	<u>(43,111)</u>	<u>(104,173)</u>
NET RESULT		1,467,166	817,632	2,325,150
Other Comprehensive Income				
Nil		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>1,467,166</u>	<u>817,632</u>	<u>2,325,150</u>

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

SHIRE OF DALWALLINU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,597,053	1,730,331
Trade and Other Receivables	4	136,520	309,917
Inventories	5	52,730	51,348
TOTAL CURRENT ASSETS		<u>2,786,303</u>	<u>2,091,596</u>
NON-CURRENT ASSETS			
Other Receivables	4	79,997	16,462
Inventories	5	0	0
Property, Plant and Equipment	6	15,805,529	15,937,419
Infrastructure	7	102,170,907	96,085,151
TOTAL NON-CURRENT ASSETS		<u>118,056,433</u>	<u>112,039,032</u>
TOTAL ASSETS		<u>120,842,736</u>	<u>114,130,628</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	358,303	340,252
Long Term Borrowings	9	94,058	73,177
Provisions	10	357,129	318,130
TOTAL CURRENT LIABILITIES		<u>809,490</u>	<u>731,559</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,516,262	1,528,437
Provisions	10	55,682	54,840
TOTAL NON-CURRENT LIABILITIES		<u>1,571,944</u>	<u>1,583,277</u>
TOTAL LIABILITIES		<u>2,381,434</u>	<u>2,314,836</u>
NET ASSETS		<u>118,461,302</u>	<u>111,815,792</u>
EQUITY			
Retained Surplus		36,981,214	35,672,131
Reserves - Cash Backed	11	966,526	808,443
Reserves - Asset Revaluation	12	80,513,562	75,335,218
TOTAL EQUITY		<u>118,461,302</u>	<u>111,815,792</u>

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

**SHIRE OF DALWALLINU
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		33,446,085	709,339	71,319,764	105,475,188
Net Result		2,325,150	0	0	2,325,150
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(99,104)	99,104	4,015,454	4,015,454
Balance as at 30 June 2010		35,672,131	808,443	75,335,218	111,815,792
Net Result		1,467,166	0	0	1,467,166
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(158,083)	158,083	5,178,344	5,178,344
Balance as at 30 June 2011		<u>36,981,214</u>	<u>966,526</u>	<u>80,513,562</u>	<u>118,461,302</u>

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

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

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,589,903	2,388,261	2,279,781
Operating Grants, Subsidies and Contributions		2,360,171	2,271,209	2,349,317
Fees and Charges		1,442,752	1,626,522	1,568,556
Service Charges		0	0	0
Interest Earnings		140,112	90,818	92,684
Goods and Services Tax		42,339	0	148,301
Other Revenue		96,758	16,000	36,635
		<u>6,672,035</u>	<u>6,392,810</u>	<u>6,475,274</u>
Payments				
Employee Costs		(2,435,571)	(2,795,574)	(2,225,631)
Materials and Contracts		(941,323)	(2,650,704)	(1,060,315)
Utility Charges		(315,944)	(291,420)	(304,506)
Insurance Expenses		(131,384)	(190,121)	(116,051)
Interest expenses		(98,462)	(98,462)	(104,173)
Goods and Services Tax		(34,461)	0	(112,697)
Other Expenditure		(193,748)	(160,415)	(121,684)
		<u>(4,150,893)</u>	<u>(6,186,696)</u>	<u>(4,045,057)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,521,142</u>	<u>206,114</u>	<u>2,430,217</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	(60,000)	0
Payments for Purchase of Property, Plant & Equipment		(1,111,637)	(1,107,050)	(3,933,266)
Payments for Construction of Infrastructure		(2,156,884)	(430,000)	(1,727,512)
Advances to Community Groups		(90,000)	(90,000)	0
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,354,020	985,517	1,935,002
Proceeds from Sale of Plant & Equipment		331,462	217,000	288,954
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,673,039)</u>	<u>(484,533)</u>	<u>(3,436,822)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(81,294)	(73,177)	(152,159)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		9,913	0	1,743
Proceeds from New Debentures		<u>90,000</u>	<u>90,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>18,619</u>	<u>16,823</u>	<u>(150,416)</u>
Net Increase (Decrease) in Cash Held		866,722	(261,596)	(1,157,021)
Cash at Beginning of Year		1,730,331	1,267,833	2,887,352
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,597,053</u></u>	<u><u>1,006,237</u></u>	<u><u>1,730,331</u></u>

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

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

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		1,706	1,571
General Purpose Funding		2,171,603	2,111,342
Law, Order, Public Safety		28,183	77,418
Health		683,958	784,102
Education and Welfare		1,576	1,001
Housing		87,008	75,936
Community Amenities		339,118	316,096
Recreation and Culture		568,365	505,213
Transport		1,156,310	900,026
Economic Services		263,269	191,880
Other Property and Services		159,781	47,808
		<u>5,460,877</u>	<u>5,012,393</u>
EXPENSES			
Governance		(364,671)	(404,529)
General Purpose Funding		(183,215)	(191,699)
Law, Order, Public Safety		(67,061)	(81,274)
Health		(903,909)	(1,014,979)
Education and Welfare		(7,418)	(12,818)
Housing		(113,062)	(120,122)
Community Amenities		(449,012)	(546,334)
Recreation & Culture		(1,165,592)	(1,149,659)
Transport		(2,385,271)	(2,265,094)
Economic Services		(684,789)	(774,904)
Other Property and Services		(69,666)	(21,609)
		<u>(6,393,666)</u>	<u>(6,583,021)</u>
Net Operating Result Excluding Rates		(932,789)	(1,570,628)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(57,016)	48,976
Movement in Accrued Interest		1,850	0
Movement in Deferred Pensioner Rates (Non-Current)		0	0
Movement in Accrued Salaries and Wages		15,596	0
Movement in Employee Benefit Provisions		39,841	0
Depreciation and Amortisation on Assets		2,218,553	2,182,887
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	(60,000)
Purchase Land and Buildings		(221,030)	(282,550)
Purchase Infrastructure Assets - Roads		(2,156,885)	(2,287,864)
Purchase Plant and Equipment		(714,337)	(789,500)
Purchase Furniture and Equipment		(176,270)	(35,000)
Purchase of Investments		0	0
Proceeds from Disposal of Investments		0	0
Proceeds from Disposal of Assets		331,463	217,000
Repayment of Debentures		(81,294)	(73,177)
Proceeds from New Debentures		90,000	90,000
Self-Supporting Loan to Bowling Club		(90,000)	(90,000)
Self-Supporting Loan Principal Income		9,913	0
Transfers to Reserves (Restricted Assets)		(158,082)	(150,326)
Transfers from Reserves (Restricted Assets)		0	19,500
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,010,898	392,421
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,530,366	0
Amount Required to be Raised from Rates	22	<u>(2,399,955)</u>	<u>(2,388,261)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

SHIRE OF DALWALLINU
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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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	40 years
Furniture and Fittings - Electrical	5 years
Furniture and Fittings - Other	10 years
Motor Vehicle - Passenger	5 years
Light Vehicle - Commercial	5 years
Trucks	5 years
Graders, Loaders & Other Plant	10 years
Infrastructure Assets - Roads, Streets & Kerbing	
clearing and earthworks	Not Depreciated
pavement	40 years
seal	15 years
kerbing	50 years
Infrastructure Assets - Gardens	Not Depreciated
Infrastructure Assets - Parks & Ovals	10 - 40 years
Infrastructure Assets - Other Structures	20 - 50 years

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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 and tools under \$500 is not automatically 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.

SHIRE OF DALWALLINU
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)

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
- (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.

SHIRE OF DALWALLINU
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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(k) Trade and Other Payables

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

(l) Employee Benefits

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

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

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

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

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

(m) Borrowing Costs

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

SHIRE OF DALWALLINU
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 operationg 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.

SHIRE OF DALWALLINU
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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

Interpretation 19

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

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

2. REVENUE AND EXPENSES	2011	2010
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
Nil	0	0
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	8,262	15,486
- Other Services	550	3,575
Depreciation		
Buildings & Improvements	421,017	348,585
Plant & Equipment	484,080	490,854
Furniture & Fittings	63,983	49,754
Roads	1,144,982	1,103,116
Other Infrastructure	100,044	94,771
Parks & Ovals	4,447	3,909
	<u>2,218,553</u>	<u>2,090,989</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (<i>refer Note 21(a)</i>)	100,311	104,173
	<u>100,311</u>	<u>104,173</u>
Rental Charges		
- Operating Leases	0	0
(ii) Crediting as Revenue:	2011	2011
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	48,178	40,422
- Other Funds	78,408	42,062
Other Interest Revenue (<i>refer note 26</i>)	13,526	7,800
	<u>140,112</u>	<u>90,284</u>
	<u>140,112</u>	<u>92,685</u>

SHIRE OF DALWALLINU
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 Dalwallinu is dedicated to providing high quality services to the community through the various service orientated programs which it has established; with a mission statement which encompasses the direction of the Shire as follows:

"To promote and enhance economic opportunities and lifestyle for the community"

GOVERNANCE

Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council activities

GENERAL PURPOSE FUNDING

Administration of rates income & expenditure, general purpose grant and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Administration of food quality, pest control, medical centre operations and other health services.

EDUCATION AND WELFARE

Provision of school support, assistance to playgroups, retirement villages and other voluntary services.

HOUSING

Maintenance of aged, frail aged, joint venture and non-employee rental housing

COMMUNITY AMENITIES

Provision of rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemeteries, maintenance of public conveniences, storm water drainage maintenance, sewerage scheme operation, litter control and provision of roadside furniture.

RECREATION AND CULTURE

Provision of facilities and support for organisations concerned with leisure time activities and sport, support for performing and creative arts and preservation of the natural estate.

This includes the maintenance of halls, aquatic centres, recreation and community centre, parks and gardens, sports grounds and operation of libraries.

TRANSPORT

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities and traffic signs, cleaning and lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weed control, vermin control, standpipes and subdivisions

OTHER PROPERTY AND SERVICES

Administration of private works operations, private works overheads, materials, salaries and wages, plant repairs and operation costs. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all the works and services undertaken by Council.

SHIRE OF DALWALLINU
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 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Landcorp Sponsorship - Early Learning Centre	08	0	24,270	0	24,270	0	(24,270)	0
RLCIP Funding - Aircondition Kalannie Hall	11	25,000	0	(25,000)	0	0	0	0
DIRDLG - Regional Partnerships DDC	11	0	412,826	(412,826)	0	0	0	0
Lotterywest - Fit Out - DDC	11	0	358,095	(358,095)	0	141,905	(141,905)	0
Regional Infrastructure Fund - DDC	11	0	25,000	(25,000)	0	0	0	0
DRD&L - Collocation Grant - DDC	11	0	180,000	(180,000)	0	20,000	(20,000)	0
Regional Headworks Grant -DDC	11	0	111,591	(111,591)	0	0	0	0
Community Culture and Arts Facilities Fund - DDC	11	0	85,000	(85,000)	0	40,000	(40,000)	0
CSRFF - Kalannie Tennis Club	11	0	0	0	0	0	0	0
Landcorp Sponsorship - James St Fitness Park	11	0	35,000	0	35,000	0	0	35,000
CSRFF - Dalwallinu Bowling Club	11	0	0	0	0	90,000	(90,000)	0
RLCIP Funding - Dalwallinu Hall Lighting/Sound	11	0	0	0	0	30,000	0	30,000
RLCIP Funding - Dalwallinu Caravan Park	13	75,000	0	(75,000)	0	0	0	0
RLCIP Funding - Nugadong Airstrip Upgrade	13	0	30,000	0	30,000	0	(30,000)	0
RADS Funding - Nugadong Airstrip Upgrade	13	0	0	0	0	107,415	(107,415)	0
RASP Funding - Nugadong Airstrip Upgrade	13	0	0	0	0	65,729	(65,729)	0
R4R (DAF) - Regional Dogger Project	13	0	0	0	0	24,150	(9,967)	14,183
DAF - Dry Season Assistance Scheme	13	0	0	0	0	20,000	(8,784)	11,216
					0			0
Total		100,000	1,261,782	(1,272,512)	89,270	539,199	(538,070)	90,399

Notes:

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

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

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

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

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,008,019	904,388
Restricted	1,589,034	825,943
	<u>2,597,053</u>	<u>1,730,331</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	169,767	160,622
Plant Reserve	66,889	63,285
Joint Venture Housing Reserve	136,150	118,017
Land & Building Reserve	126,357	74,559
Sewerage Reserve	313,330	246,224
Johnston St, Dalwallinu Reserve	110,701	104,740
Townscape Reserve	22,194	20,996
Pithara Hall Reserve	21,138	20,000
Unspent Grants as per note 2(c)	90,399	0
Unspent Grants from FAGS	532,109	0
Unspent Loans	0	17,500
	<u>1,589,034</u>	<u>825,943</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	52,337	70,636
Sundry Debtors	92,033	251,836
<i>less provision for Doubtful Debts</i>	(26,197)	(14,350)
GST Receivable	0	0
Loans - Clubs/Institutions	18,347	1,795
	<u>136,520</u>	<u>309,917</u>
Non-Current		
Rates Outstanding - Pensioners	0	0
Loans - Clubs/Institutions	79,997	16,462
	<u>79,997</u>	<u>16,462</u>
5. INVENTORIES		
Current		
Fuel and Materials	19,858	22,361
Medical Centre Stock	32,871	28,987
	<u>52,729</u>	<u>51,348</u>
Non-Current		
Nil	0	0
	<u>0</u>	<u>0</u>

SHIRE OF DALWALLINU
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	17,711,987	17,501,911
Less Accumulated Depreciation	<u>(4,498,156)</u>	<u>(4,077,139)</u>
	13,213,831	13,424,772
 Furniture and Equipment - Cost	 930,019	 753,749
Less Accumulated Depreciation	<u>(689,075)</u>	<u>(625,092)</u>
	240,944	128,657
 Plant and Equipment - Cost	 4,994,744	 4,925,993
Less Accumulated Depreciation	<u>(2,643,990)</u>	<u>(2,542,003)</u>
	2,350,754	2,383,990
 Plant and Equipment Under Lease	 0	 0
Less Accumulated Amortisation	<u>0</u>	<u>0</u>
	0	0
	 <u>15,805,529</u>	 <u>15,937,419</u>

SHIRE OF DALWALLINU
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 \$	Buildings & Improvements \$	Plant & Equipment \$	Furniture & Fittings \$	Total \$
Balance as at the beginning of the year	705,953	12,718,819	2,383,989	128,657	15,937,418
Additions	0	221,030	714,337	176,270	1,111,637
(Disposals)	(10,954)	0	(263,492)	0	(274,446)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	0	(421,017)	(484,080)	(63,983)	(969,080)
Carrying amount at the end of year	<u>694,999</u>	<u>12,518,832</u>	<u>2,350,754</u>	<u>240,944</u>	<u>15,805,529</u>

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

	2011	2010
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2011	122,465,602	0
Roads - management valuation 2010	0	111,224,593
Roads - Cost	1,578,243	1,647,799
Less Accumulated Depreciation	<u>(24,036,094)</u>	<u>(18,476,245)</u>
	100,007,751	94,396,147
 Other Infrastructure - cost	 2,238,147	 2,005,139
Other Movements	0	183,404
Other Infrastructure - additions	578,642	51,423
Less Accumulated Depreciation	<u>(882,590)</u>	<u>(782,642)</u>
	1,934,199	1,457,324
 Parks & Ovals - management valuation 2007	 165,066	 159,688
Parks & Ovals - Cost	0	3,559
Less Accumulated Depreciation	<u>(39,684)</u>	<u>(35,142)</u>
	125,382	128,105
 Gardens - Cost	 <u>103,575</u>	 <u>103,575</u>
	<u><u>102,170,907</u></u>	<u><u>96,085,151</u></u>

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

This policy also accords with AASB 116.

SHIRE OF DALWALLINU
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	Parks	Gardens	Total
	\$	Infrastructure	and	\$	\$
	\$	\$	Ovals	\$	\$
Balance at the beginning of the year	94,396,147	1,455,601	129,829	103,575	96,085,152
Additions	1,578,243	578,642	0	0	2,156,885
(Disposals)	0	0	0	0	0
Revaluation - Increments	5,178,343	0	0	0	5,178,343
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	(1,144,982)	(100,044)	(4,447)	0	(1,249,473)
Carrying amount at the end of year	<u>100,007,751</u>	<u>1,934,199</u>	<u>125,382</u>	<u>103,575</u>	<u>102,170,907</u>

SHIRE OF DALWALLINU
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	211,012	231,038
Other current liabilities	60,051	35,721
Accrued Interest on Other Expenses	31,188	33,036
Accrued Salaries and Wages	56,052	40,457
	<u>358,303</u>	<u>340,252</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge		
Debentures	94,058	73,177
	<u>94,058</u>	<u>73,177</u>

Non-Current

Secured by Floating Charge		
Debentures	1,516,262	1,528,437
	<u>1,516,262</u>	<u>1,528,437</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current

Provision for Annual Leave	189,487	185,218
Provision for Long Service Leave	167,642	132,912
	<u>357,129</u>	<u>318,130</u>

Non-Current

Provision for Long Service Leave	55,682	54,840
	<u>55,682</u>	<u>54,840</u>

SHIRE OF DALWALLINU
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	160,622	160,622	153,001
Amount Set Aside / Transfer to Reserve	9,145	8,031	7,621
Amount Used / Transfer from Reserve	0	0	0
	<u>169,767</u>	<u>168,653</u>	<u>160,622</u>
(b) Plant Reserve			
Opening Balance	63,285	63,285	60,282
Amount Set Aside / Transfer to Reserve	3,604	3,164	3,003
Amount Used / Transfer from Reserve	0	(19,500)	0
	<u>66,889</u>	<u>46,949</u>	<u>63,285</u>
(c) Joint Venture Housing Reserve			
Opening Balance	118,017	118,016	111,128
Amount Set Aside / Transfer to Reserve	18,133	17,095	6,889
Amount Used / Transfer from Reserve	0	0	0
	<u>136,150</u>	<u>135,111</u>	<u>118,017</u>
(d) Land & Building Reserve			
Opening Balance	74,559	74,559	71,022
Amount Set Aside / Transfer to Reserve	51,798	3,728	3,537
Amount Used / Transfer from Reserve	0	0	0
	<u>126,357</u>	<u>78,287</u>	<u>74,559</u>
(e) Sewerage Scheme Reserve			
Opening Balance	246,225	246,225	194,134
Amount Set Aside / Transfer to Reserve	67,105	64,378	52,090
Amount Used / Transfer from Reserve	0	0	0
	<u>313,330</u>	<u>310,603</u>	<u>246,224</u>
(f) Johnston Street, Dalwallinu Reserve			
Opening Balance	104,740	104,740	99,772
Amount Set Aside / Transfer to Reserve	5,961	5,237	4,968
Amount Used / Transfer from Reserve	0	0	0
	<u>110,701</u>	<u>109,977</u>	<u>104,740</u>
(g) Townscape Reserve			
Opening Balance	20,996	20,996	20,000
Amount Set Aside / Transfer to Reserve	1,198	1,050	996
Amount Used / Transfer from Reserve	0	0	0
	<u>22,194</u>	<u>22,046</u>	<u>20,996</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
(a)

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (cont)			
(h) Pithara Hall Reserve			
Opening Balance	20,000	20,000	0
Amount Set Aside / Transfer to Reserve	1,138	1,000	20,000
Amount Used / Transfer from Reserve	0	0	0
	<u>21,138</u>	<u>21,000</u>	<u>20,000</u>
 TOTAL CASH BACKED RESERVES	 <u>966,526</u>	 <u>892,626</u>	 <u>808,443</u>

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

- to be used to fund annual and long service leave requirements

Plant Reserve

- to be used for the purchase of major plant

Joint Venture Housing Reserve

- to be used for long term maintenance & construction of joint venture housing

Land & Building Reserve

- to be used for the purchase/construction of land/buildings

Sewerage Scheme Reserve

Townscape Reserve

- to be used for future townscaping projects within the Shire

Pithara Hall Reserve

- to be used for works upon Pithara Hall

The Leave, Plant, Joint Venture Housing, Land & Building, Sewerage Scheme and Townscape Reserves are not expected to be used within a set period as further transfers to these reserve accounts are expected as funds are utilised.

The Johnston Street, Dalwallinu Reserve is expected to be utilised in 2011/12.

The Pithara Hall Reserve is not expected to be utilised before 2012/13.

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

12. RESERVES - ASSET REVALUATION	2011	2010
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	3,679,953	3,679,953
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>3,679,953</u>	<u>3,679,953</u>
(b) Plant & Equipment		
Opening balance	37,125	37,125
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>37,125</u>	<u>37,125</u>
(c) Furniture & Fittings		
Opening balance	195	195
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>195</u>	<u>195</u>
(d) Roads		
Opening Balance	71,617,945	67,602,491
Revaluation Increment	5,178,344	4,015,454
Revaluation Decrement	0	0
	<u>76,796,289</u>	<u>71,617,945</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>80,513,562</u></u>	<u><u>75,335,218</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>2,597,053</u>	<u>1,006,237</u>	<u>1,730,331</u>

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

Net Result	1,467,166	817,632	2,325,150
Adjustment for Allocations	0	(1,255,600)	0
Depreciation	2,218,553	2,182,887	2,090,989
(Profit)/Loss on Sale of Asset	(57,016)	48,976	(95,923)
(Increase)/Decrease in Receivables	189,949	(284,964)	285,968
(Increase)/Decrease in Inventories	(1,382)	(41,879)	21,446
Increase/(Decrease) in Payables	18,051	(264,740)	(222,303)
Increase/(Decrease) in Employee Provisions	39,841	(10,681)	(40,108)
Grants/Contributions for the Development of Assets	<u>(1,354,020)</u>	<u>(985,517)</u>	<u>(1,935,002)</u>
Net Cash from Operating Activities	<u>2,521,142</u>	<u>206,114</u>	<u>2,430,217</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(2,777)</u>	<u>0</u>
Total Amount of Credit Unused	<u>2,223</u>	<u>5,000</u>

Loan Facilities

Loan Facilities - Current	94,058	73,177
Loan Facilities - Non-Current	<u>1,516,262</u>	<u>1,528,437</u>
Total Facilities in Use at Balance Date	<u>1,610,320</u>	<u>1,601,614</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

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

14. CONTINGENT LIABILITIES

As at the balance date, there were no significant actions pending against the Shire.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Shire does not have any finance lease commitments as at 30 June 2011.

(b) Operating Lease Commitments

The Shire does not have any operating lease commitments as at 30 June 2011.

(c) Capital Expenditure Commitments

	2011	2010
	\$	\$
Contracted for:		
- capital expenditure projects	0	361,281
- plant & equipment purchases	0	41,059
Payable:		
- not later than one year	0	402,340

The Shire of Dalwallinu has no capital expenditure project outstanding at the end of the current reporting period.

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

16. JOINT VENTURE

The Shire together with the Department of Housing have a joint venture arrangement with regards to the provision of five houses in Dalwallinu and one in Kalannie. The Shire provided the land and have a joint agreement for use and maintenance on the constructed houses.

This Shire's share of the houses is included in "Buildings and Improvements" as follows;

	2011	2010
	\$	\$
Non-Current Assets		
Buildings & Improvements	183,672	183,672
Less: Accumulated Depreciation	<u>(43,416)</u>	<u>(39,740)</u>
	<u><u>140,256</u></u>	<u><u>143,932</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	2,506,967	2,522,073
General Purpose Funding	52,351	16,462
Law, Order, Public Safety	85,545	112,044
Health	725,782	500,955
Education and Welfare	75,697	38,474
Housing	1,076,204	975,145
Community Amenities	952,481	499,489
Recreation and Culture	8,546,086	8,181,891
Transport	101,776,335	95,820,016
Economic Services	1,322,868	1,177,044
Other Property and Services	2,328,537	2,195,442
Unallocated	<u>1,393,883</u>	<u>2,091,593</u>
	<u><u>120,842,736</u></u>	<u><u>114,130,628</u></u>

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

	2011	2010	2009
18. FINANCIAL RATIOS			
Current Ratio	1.844	2.217	1.771
Untied Cash to Unpaid Trade Creditors Ratio	4.777	3.973	2.363
Debt Ratio	0.020	0.021	0.025
Debt Service Ratio	0.023	0.020	0.024
Gross Debt to Revenue Ratio	0.247	0.249	0.290
Gross Debt to Economically Realisable Assets Ratio	0.086	0.089	0.104
Rate Coverage Ratio	0.307	0.274	0.246
Outstanding Rates Ratio	0.022	0.031	0.021

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

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

19. TRUST FUNDS

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

	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
DPI Licensing Fees	12,733	1,208,646	(1,214,088)	7,291
St John Ambulance Memberships	760	2,760	(3,440)	80
BCITF Levy	251	1,217	(1,375)	93
BRB Levy	35	484	(483)	36
Mainly Mutton Cookbooks	0	10	(10)	0
Raffle Tickets	3	0	0	3
Nomination Fees	80	0	(80)	0
Hall Hire Bonds	990	0	0	990
Key Deposits	630	150	(50)	730
Housing Bonds	7,679	2,129	(714)	9,094
Windows on the Wheatbelt Book	0	25	(25)	0
75 Stories Book	0	30	(30)	0
Trails, Trials and Triumphs Book	60	0	0	60
Pommie Migrant Book	35	175	(210)	0
Story of Kalannie Book	0	96	(48)	48
Pioneer to Progress Book	0	40	(40)	0
Pioneer House Donations	10,076	0	0	10,076
Miscellaneous Deposits Held	2,000	1,370	(810)	2,560
Dalwallinu Centenary Book	1,446	10,972	(12,418)	0
	<u>36,778</u>			<u>31,061</u>

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land						
A105 - 2 Pioneer Pl, Dalwallinu	10,955	0	15,522	0	4,567	0
Plant and Equipment						
P9 - Toyota Utility	0	0	1,591	3,000	1,591	3,000
P34 - Ford Trader	0	3,000	0	6,000	0	3,000
P178 - Ferrec AWD Loader	0	0	0	8,000	0	8,000
P249 - Ford Courier Utility	0	0	7,351	5,000	7,351	5,000
P265 - Cat 12H Grader	132,180	137,726	136,000	100,000	3,820	(37,726)
P287 - Mitsubishi Truck	0	0	47,818	0	47,818	0
P290 - Ford Courier Utility	0	3,139	0	7,000	0	3,861
P317 - Toyota Kluger AWD	14,778	13,632	14,545	10,000	(233)	(3,632)
P319 - Ford Territory AWD	15,261	15,336	12,727	10,000	(2,534)	(5,336)
P327 - Ford Territory AWD	0	0	0	12,000	0	12,000
P328 -Toyota Aurion	0	17,183	0	12,000	0	(5,183)
P339 - Nissan Navara Utility	23,803	24,394	19,545	18,000	(4,258)	(6,394)
P343 - Holden Statesman	36,662	34,598	33,636	29,000	(3,026)	(5,598)
P364 - Holden Caprice	40,807	0	42,727	0	1,920	0
	<u>274,446</u>	<u>249,008</u>	<u>331,462</u>	<u>220,000</u>	<u>57,016</u>	<u>(29,008)</u>

SHIRE OF DALWALLINU
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 \$
Housing								
Loan 156 - Staff Housing	414,026	0	36,854	36,854	377,172	377,172	21,743	22,039
Community Amenities								
Loan 64 - Sewerage Scheme	215,572	0	6,735	6,735	208,837	208,837	20,768	21,072
Recreation & Culture								
Loan 157 - Dalwallinu Discovery Centre	972,016	0	29,587	29,587	942,429	942,429	54,745	55,351
Loan 158 - Dalwallinu Bowling Club (*)	0	90,000	8,118	0	81,882	0	3,055	0
	1,601,614	90,000	81,294	73,176	1,610,320	1,528,438	100,311	98,462

(*) 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 \$	
Recreation & Culture										
Loan 158 - Dalwallinu Bowling	90,000	0	WATC	Fixed Interest	5	14,293	5.54	90,000	0	0

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

As at 30 June 2011, the Shire did not have any unspent loans.

(d) Overdraft

The Shire does not currently have an overdraft facility.

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

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

(a)	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 \$
RATE TYPE											
General Rate											
GRV	8.6574	252	2,433,104	210,644	7,130	(2,451)	215,323	210,644	0	0	210,644
UV	1.7233	420	126,006,458	2,171,469	0	0	2,171,469	2,171,469	0	0	2,171,469
UV - Mining	1.7233	3	48,290	832	0	0	832	832	0	0	832
Sub-Totals		675	128,487,852	2,382,945	7,130	(2,451)	2,387,624	2,382,945	0	0	2,382,945
Minimum Rates	Minimum \$										
GRV - Dalwallinu	548	172	879,071	94,256	0	0	94,256	94,256	0	0	94,256
GRV - Kalannie	426	11	23,479	4,686	0	0	4,686	4,686	0	0	4,686
GRV - Other Towns	244	26	13,197	6,344	0	0	6,344	6,344	0	0	6,344
UV - Rural	244	16	101,000	3,904	0	0	3,904	3,904	0	0	3,904
UV - Mining	244	22	70,373	5,368	0	0	5,368	5,368	0	0	5,368
Sub-Totals		247	1,087,120	114,558	0	0	114,558	114,558	0	0	114,558
Specified Area Rate (<i>refer note 23</i>)							2,502,182 0				2,497,503 0
Discounts (<i>refer note 25</i>)							2,502,182 (102,227)				2,497,503 (109,242)
Totals							2,399,955				2,388,261

(b)

Ex-Gratia Rates

Council received an amount of \$17,733 as payment of "Ex-Gratia Rates". As this payment does not comply with the Rates Act 1992, it is not included in this note, or as rates in these statements. Instead it is included as a Contribution in the Statement of Comprehensive Income.

SHIRE OF DALWALLINU
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 Dalwallinu did not levy a specified area rate in the year ended 30 June 2011.

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

The Shire of Dalwallinu did not impose any service charges in the year ended 30 June 2011.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	102,227	109,242
			102,227	109,242
Photocopy Charge	Waiver		176	250
Debtor Write-Off	Write-Off		4,500	0
Rate Assessment	Write-Off		2,413	0

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.

Photocopy Charges are waived for certain community groups such as St John Ambulance, Volunteer Bush Fire Brigades, Girl Guides & Dalwallinu and Districts Tourism Committee. Council considers its support of these groups necessary for the overall benefit of the community.

An outstanding debt was written off during the year when the Shire was notified by a debtor's receiver that unsecured creditors would not be receiving any payment.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	9,361	5,000
Interest on Instalments Plan	5.50%	N/A	4,165	2,800
Charges on Instalment Plan	N/A	6.67	2,141	2,000
			15,667	9,800

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

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

27. FEES & CHARGES	2011	2010
	\$	\$
Governance	63,120	63,625
General Purpose Funding	4,081	4,498
Law, Order, Public Safety	2,073	3,050
Health	680,346	539,066
Education and Welfare	1	3
Housing	77,512	68,356
Community Amenities	337,555	306,027
Recreation and Culture	42,980	20,041
Transport	31,645	19,112
Economic Services	143,351	154,648
Other Property and Services	60,088	283,550
	<u>1,442,752</u>	<u>1,461,976</u>

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

28. GRANT REVENUE

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

	2011	2010
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,360,171	2,455,896
Non-Operating Grants, Subsidies and Contributions	1,354,020	1,935,002
	<u>3,714,191</u>	<u>4,390,898</u>
By Program:		
Governance	16,547	50,290
General Purpose Funding	2,024,611	1,886,238
Law, Order, Public Safety	26,110	31,988
Health	3,145	1,455
Education and Welfare	1,041	25,208
Housing	9,496	8,927
Community Amenities	1,563	1,531
Recreation and Culture	491,835	1,495,748
Transport	1,064,089	863,746
Economic Services	48,443	15,390
Other Property and Services	27,311	10,377
	<u>3,714,191</u>	<u>4,390,898</u>

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

29. ELECTED MEMBERS REMUNERATION	2011	2011	2010
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	7,860	12,900	11,460
President's Allowance	5,000	5,000	5,000
Deputy President's Allowance	0	0	0
Travelling Expenses	6,078	9,200	8,786
Telecommunications Allowance	0	0	0
	<u>18,938</u>	<u>27,100</u>	<u>25,246</u>

30. EMPLOYEE NUMBERS	2011	2010
The number of full-time equivalent employees at balance date	<u>39</u>	<u>34</u>

31. MAJOR LAND TRANSACTIONS

The Shire of Dalwallinu did not take part in any major land transactions in the year ended 30 June 2011.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the year ended 30 June 2011.

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

33. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,597,053	1,730,331	2,597,053	1,730,331
Receivables	136,520	309,916	136,520	303,916
	<u>2,733,573</u>	<u>2,040,247</u>	<u>2,733,573</u>	<u>2,034,247</u>
Financial Liabilities				
Payables	358,303	340,252	358,303	340,252
Borrowings	1,618,437	1,601,614	1,331,219	1,447,547
	<u>1,976,740</u>	<u>1,941,866</u>	<u>1,689,522</u>	<u>1,787,799</u>

Fair value is determined as follows:

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

SHIRE OF DALWALLINU
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 Shire of Dalwallinu only invests in Term Deposit type accounts with a bank registered as a deposit taking institution with APRA.

Cash is also subject to interest rate risk - the risk that movements in interest rates could affect returns.

As the only investment option used by the Shire of Dalwallinu is term deposits with banks registered with APRA (which are subject to the Australian Government Bank Deposit Guarantee) the investments are not subject to any form of credit risk.

	2011	2010
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	21,637	21,050
- Statement of Comprehensive Income	21,637	21,050

Notes:

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

The Shire's loans have a fixed interest rate for the life of the loan and hence no additional expenditure would be incurred if interest rates were to rise.

The increase in income (and equity) were calculated using the average interest rate for the year on investments.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2011	2010
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	33.69%	91.95%
- Overdue	66.31%	8.05%

SHIRE OF DALWALLINU
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	358,303	0	0	358,303	358,303
Borrowings	<u>191,603</u>	<u>926,803</u>	<u>1,144,229</u>	<u>2,262,635</u>	<u>1,610,320</u>
	<u>549,906</u>	<u>926,803</u>	<u>1,144,229</u>	<u>2,620,938</u>	<u>1,968,623</u>
<u>2010</u>					
Payables	340,252	0	0	340,252	340,252
Borrowings	<u>171,639</u>	<u>686,556</u>	<u>1,489,186</u>	<u>2,347,381</u>	<u>1,601,614</u>
	<u>511,891</u>	<u>686,556</u>	<u>1,489,186</u>	<u>2,687,633</u>	<u>1,941,866</u>

SHIRE OF DALWALLINU
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 %
<u>Year Ended 30 June 2011</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	81,882	1,528,438	1,610,320	6.22%
Weighted Average Effective Interest Rate					5.62%	6.26%		
<u>Year Ended 30 June 2010</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	0	1,601,614	1,601,614	6.13%
Weighted Average Effective Interest Rate						6.13%		



Anderson Munro & Wyllie

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF DALWALLINU

Scope

We have audited the financial report of Shire of Dalwallinu for the year ended 30 June 2011. The financial report comprises the Statement by Chief Executive Officer, Statement of Comprehensive Income, Statement of Financial Position, Equity Statement, Cash Flow Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

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

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Dalwallinu.

Independence

Anderson Munro & Wyllie are independent of the Shire of Dalwallinu, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

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



Audit Opinion

In our opinion the financial statements of the Shire of Dalwallinu are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2011 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Other Matters

We noted the following instances of non-compliance with the Local Government Act 1995, and its Regulations.

- S 3.16 (1) due to reviews of all local laws under section 3.16(1) of the Act not been carried out within a period of 8 years.
- S 5.54 (1) the annual report for the year ended 30 June 2011 was not accepted by absolute majority by 31 December 2011.

Statutory Compliance

- a) Except for the issues identified in the above other matters paragraph, we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 23rd day of February 2012 in Perth, Western Australia

AMW (AUDIT) PTY LTD

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
Chartered Accountants