

SHIRE OF MERREDIN



Heart of the Wheatbelt



ANNUAL REPORT

For the Financial Year ending 30 June 2010

Index

ANNUAL REPORT

For the Financial Year ending 30 June 2010

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Shire President's Report

It has certainly been an exciting and busy time for the Shire with a large range of projects being undertaken.

Cummins Theatre The Shire of Merredin was successful in obtaining funding from the Wheatbelt Development Commission, Lotterywest, Community Cultural and Arts Facilities Fund and Jobs Fund. This funding was used in conjunction with funding from the State Government's Royalties for Regions Program to deliver a number of upgrades to Cummins Theatre, incorporating elements from the Conservation Plan which was prepared for the Theatre. Donations were also received from the Friends of Cummins Theatre and the Merredin Repertory Club.

I would personally like to thank the people of Merredin and the surrounding communities for their continued support and patronage throughout the lifetime of Cummins Theatre, and are excited to be creating an important future for this valued cultural heritage icon.

Collgar Windfarm Collgar Wind Farm is a \$750 million renewable energy project consisting of 111 wind turbines with a generation capacity of 206MW. It is located approximately 25km south east of Merredin and once completed, will be the largest wind farm in WA and the largest single stage wind farm development in the southern hemisphere to date.

On completion of construction by April 2012, Collgar Wind Farm will on average generate and deliver 792,000MWh of clean, renewable electricity into the WA South West Interconnected System power grid each year, producing enough electricity to power approximately 125,000 WA homes.

During the construction phase Collgar is expected to employ up to 150 people over the two year construction period and a lesser number in ongoing roles during the 25 year operational period. It is anticipated that this development will bring immediate economic benefits to the Merredin community while providing a clean, emissions free source of electricity generation for many years to come.

Collgar Wind Farm is due to be officially launched on 1 August 2010 by the Hon Peter Collier MLC, Minister for Energy and the Hon Brendon Grylls MLA, Minister for Regional Development.

Local Government Elections October 2009 saw the local government elections being held across the State. During the year Council conducted a Councillor Representation Review and received approval from the Local Government Advisory Board to reduce its number of Councillors from 11 to 9 in time for the 2009 elections.

We had 2 Councillors who chose not to stand for re-election, Cr Steve Elliott and Cr Mick Hayden, Merredin's first Indigenous Councillor. Additionally, Cr John Simmonds chose to stand but was not re-elected. I would like to thank Councillors Elliott, Hayden and Simmonds for the time and effort they put in to being a Councillor for the community of Merredin and also to wish them all the very best for the future.

I would also like to take this opportunity to welcome Cr Donna Crook to Council, who was successful in her bid for election. Donna is well known within the community and I am sure her time with Council will be enjoyable and successful. Also re-elected were Cr Martin Morris and Cr Wayne Wallace.

Grain Freight The recent announcement about the future of the narrow gauge rail network has led to a flurry of activity surrounding the Grain/Heavy Freight Task. The Shire of Merredin has attended numerous meetings to ensure we have an input into the future of activity.

Currently the Shire of Merredin, along with other Shires in the Wheatbelt, is mapping current Grain Freight routes (including farm to bin and bin to bin) to analyse the impact of any rail line closures. This information will then be forwarded to the Minister for Transport so he can be aware of the impact of the Grain/Heavy Freight movements in the area.

Amalgamations As reported in the press and through information circulated to Councillors and the community, there is a lack of support for the Minister for Local Government's reform agenda. At its February 2010 Meeting, Council was provided with information on the State Government's reform agenda and specifically the creation of Regional Transition Groups (RTG) and Regional Collaborative Groups (RCG). Given the uncertainty surrounding the issue, further consideration was deferred until the March 2010 Meeting as the Minister's deadline for responding to the RTG initiative was 26 March 2010.

Subsequent to the February 2010 Council Meeting, the Chief Executive Officer contacted the Chief Executive Officers of Councils sharing a common boundary with Merredin and together with myself and other Shire Presidents attended a Wheatbelt East Regional Organisation of Councils Meeting in Tammin on 24 February 2010. Almost universally, there was no support for the Minister's RTG concept and no support for amalgamation. Frustration about the process and the lack of guidelines on reform continues to be expressed. Although Council is supportive of reform and indeed may support amalgamation in a form yet to be determined, it becomes difficult to do so when it has no partners in the process. The Shire is now awaiting the Minister's decision.

Thank You Finally I would like to thank all the Councillors and staff at the Shire for their constant efforts and dedication. Without their tireless work sustained throughout the year the community would not be able to enjoy the services and facilities that it does. Our people are our most valuable resource and they are to be commended for their work.



Cr Ken Hooper
Shire President

Chief Executive Officer's Report

New Arrival and Welcome

I arrived in early January 2010, mid-way through the period under review. I would like to thank Councillors, staff and the community for the welcome. After an initial familiarisation with immediate issues, work begins.

Asset Management, Long Term Financial and Strategic Plans It has been recognised at both a Council and Regional Organisation of Councils (ROC) level that progress needs to be made towards developing long term financial plans and asset management systems. The need for these initiatives have been reinforced in correspondence from the Minister of Regional Development and Lands in relation to eligibility for future Royalties for Regions funding where both Councils and ROCs will need to have these plans in place in order to secure future funding from the program. The Shire has therefore commenced work with Consultants Morrison Low on developing these plans for the Shire.

Local Planning Scheme No. 6 The Shire has been steadily progressing its Local Planning Scheme No. 6 (LPS6). The LPS 6 has the purpose of setting out the Shire's planning aims and intentions for the Shire, setting aside land as reserves for public purposes, the zoning of land for its defined purpose, controlling and guiding land use and development and for setting out procedures for the assessment and determination of planning applications received by the Shire.

It is expected that the LPS 6 will be approved by the Minister for Planning during the latter half of 2010.

Lots 10-11 South Avenue Council is aware of the lack of affordable housing available in Merredin and discussed this matter at its May 2010 meeting. Council resolved to support the development of accommodation units on Lot 10 and 11 South Avenue, Merredin. Staff have been requested to prepare a report for Council detailing the financial arrangements. Obviously the project is in its very early stages, however it is anticipated that these units may be sold "off-the-plan" and therefore we would encourage local businesses to register their interest in these units.

Landfill Site extensions The major improvements to the Merredin landfill site will include provision of a hardstand drop off facility for the public, recycling drop off areas, modern office and ablution system for staff, rehabilitation and top dressing of the existing disposal areas, bore monitoring stations and 30m of tree plantings around the new site. The extensions are planned to provide an additional 30 years of life to the site.

Community Funding Council often receives requests for funding from local volunteer and not for profit groups for various projects. To formalise the application and acquittal process a policy on Community Funding has been developed and was adopted by Council at its March 2010 meeting.

The purpose of the policy is to coordinate Council's response to community requests for financial support. It will ensure that Shire funding resources are allocated in a way that is transparent, legal, equitable and that funded projects further the aims and objectives of the Shire and represent responsible use of public monies. The policy ensures that details on the proposed use of Council funds are provided to Council prior to the funds being expended and that all funds are properly accounted for. Keep an eye out for advertisements calling for Expressions of Interest for Community Funding from interested groups, which are placed in the Wheatbelt Mercury each year as part of the Budget process.

Community Events A community concert featuring Dr Bogus was held in March 2010 following the Merredin Show. This community event was well attended and a special thank you goes out to all the volunteers for their involvement in this wonderful event. To show our appreciation to all our volunteers, the Shire held a Thank a Volunteer and Welcome to Merredin event in February 2010 at the Merredin Regional Community & Leisure Centre. Other events included Gala Night held in December 2009, the Australia Day event at the Merredin Regional Community and Leisure Centre and the service on ANZAC Day.

Emergency Management Plans Council adopted the Emergency Management Plans for the Shire of Merredin at its April 2010 meeting. These plans were progressed through the Local Emergency Management Committee with the assistance of WALGA Consultant, Mr John Lane. The Plans provide details on how Merredin will respond in the event of an emergency, such as fire, flood or an accident.

Harvest Ban SMS service Thank you to all those who have registered for the Harvest Ban SMS Notification Service. In addition to the SMS service, the Shire has created an email service which will be sent at the same time as the SMS notification to possibly assist those who receive intermittent mobile signal. Once a Harvest Ban is put in place, those registered will receive either an email or a mobile phone SMS stating the day and time the Ban was implemented. Once the Ban is lifted the same information will be provided. This service will assist in clear and timely notification to landholders.

Regional Cabinet Meeting Merredin is looking forward to hosting the first Regional Cabinet Meeting in over 20 years. The Premier and Ministers will be in Merredin on the 1st and 2nd August 2010 with various meetings and functions organised during that time including a Community Luncheon to be held at the Merredin Regional Community and Leisure Centre. During their visit the Premier and Hon Brendon Grylls MLA, Minister for Regional Development and Member for the Central Wheatbelt will be unveiling a plaque at Cummins Theatre to commemorate the restoration project being undertaken.



Greg Powell
Chief Executive Officer

Plan for the Future

Council's Strategic Plan is our plan for the future for the Shire of Merredin. The many Strategies and Actions detailed in this Plan show how Council intends to achieve its goals in three Key Result Areas:

- **Community** "A Great Place for People", and our goal is to develop a united and sustainable community by working collaboratively;
- **Economy** "A Vibrant Economy", and our goal is to be a prosperous, sustainable and a beautiful regional centre; and
- **Environment** "A Sustainable Environment", and our goal is to secure a cleaner and safer environment for future generations, through collective responsibility for the protection and management of our built and natural environment.

Vision

Council has adopted the following vision for the community:

To be a vibrant regional centre offering a comprehensive range of regional services which improve the quality of life of the people within the Shire and Central Wheatbelt.

Mission

Council has adopted the following mission statement:

To work with all communities in the Central Wheatbelt to support social and economic development.

Values

The Shire operates, at all times, under the following values:

- Integrity** Act in an honest, open and accountable manner in all of our activities, ensuring they are equitable and socially just.
- Participation** Provide genuine opportunities for informed community participation in decision making in a framework of local democracy.
- Service** Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money in all our dealings.
- Learning** Continue learning from training, our actions and experiences and continually seek better and more innovative ways of doing things.
- Valuing People** Value the contribution that people inside and outside the organisation make to the achievement of the Shire's vision.
- Commitment** Ensure our actions serve the people of Merredin and its long-term interests.
- Sustainability** Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations.

Overview of Activities Proposed to Commence or Continue

Royalties for Regions Funding

In 2009/2010, the Minister for Regional Development allocated \$966,402.00 to the Shire of Merredin to encourage additional expenditure by Council on planned infrastructure needs. Council at its October 2009 meeting made the decision to allocate the Royalties for Regions funding (Year One) to the following projects:

Cummins Theatre Restoration	\$634,402
Cohn Creek Cleanout	\$100,000
Recreation Ground Storage Shed	\$50,000
Roy Little Park Pump Shed	\$36,000
Footpaths	\$68,000
Mitchell Street Drainage	\$78,000

Land Development

Carrington Way

In 2009, Council completed the development of 28 lots in Carrington Way with sales significantly exceeding the conservative budget figure. An additional seven blocks were sold in excess of the four budgeted for in 2009/2010. This resulted in increasing proceeds to \$640,000.00 with all profits from these sales (\$260,000.00) being transferred to the Shire's Land Development Reserve to assist in funding future land development.

There are only 6 blocks remaining for sale in this new residential subdivision. 3 lots were sold at auction held in May 2009, with another 22 lots being sold since . These residential blocks are extremely good value coming with underground power and water, ready for deep-sewerage connection, Neeta-Screen fencing, bitumen road with street lighting and footpaths. The blocks range in size from 717m² to 1233m² and in the middle of the subdivision is the provision for a large public open space.

Whitfield Way Stage Two

The Shire proposes to proceed with Stage Two of the Whitfield Way subdivision which will create 12 special rural lots of between 4,768m² and 6,823m². The proposal includes the construction of sealed access roads and the provision of reticulated water, underground power and telecommunications services. The land will be developed using funds from Council's Land Development Reserve and an allocation from the 2010/2011 Budget. Advertising of the business plan was undertaken in March 2010 and construction of the subdivision is expected to be completed by June 2011.

Lots within Whitfield Way Stage One were sold quickly and it is anticipated, given the level of interest already shown, that the Stage Two development will be just as readily received.

Road Construction/Maintenance

Works are expected to be carried out utilising funding available through the Roads to Recovery, Blackspot and Regional Road Group sources as well as Council's own resources on the following roads:

- East Barrack Street
- Cunningham Street
- Pioneer Road
- Chegwidden
- Chandler Road
- Goldfields Road
- Robartson Road
- Merredin-Narembeen Road
- Hooper Road
- Koonadgin Road
- Burracoppin South Road

Engineering works are also expected to be undertaken at Cohn Creek (from Railway Parade to Dams 1 and 2) and the footpath on Cummings Street.

Recreation Facilities

Pool slide upgrade Work commenced on the renovation of the water slide facility at Merredin Pool which was completed before the commencement of the 2009 season with funding made available by the Federal Government. The works include new entry steps, safer use systems, improved safety systems and a safer exit component.

Synthetic Surface at Recreation Ground The Shire, in conjunction with the Merredin Turf Alliance, submitted an application to the Department of Sport and Recreation's Community Sporting and Recreation Facilities Fund in October 2009 for the Synthetic Surface at the Merredin Regional Community and Leisure Centre to accommodate 12 tennis courts, a full hockey field and a soccer pitch. The project is expected to cost around \$1.6 million.

The construction of a new synthetic surface would :

- provide immediate savings on maintenance costs for the Shire on the current grass surfaces used by both sports;
- enable the Shire to plan for the completion of the Recreation Ground by freeing up the current tennis courts and 2 hockey fields;
- provide the opportunity to increase participants (social and competition) in tennis, hockey and soccer, thus increasing the patronage of the MRC&LC; and
- provide the region with a quality sporting facility capable of hosting a regional competition.

Cummins Theatre

In July 2009 the Heritage Listed Cummins Theatre was closed to enable extensive renovations to be undertaken. Funding was obtained from the Wheatbelt Development Commission, Lotterywest, Community Cultural and Arts Facilities Fund and Jobs Fund in conjunction with funding from the State Government's Royalties for Regions Program. Donations were also received from the Friends of Cummins Theatre and the Merredin Repertory Club.

The renovation works will include:

- the refurbishment of the fly tower;
- the reinstatement of the orchestra pit;
- the installation of reverse cycle climate control;
- new storage rooms and facilities;
- the refurbishment of the northern shop front and office area;
- the refurbishment of the backstage area, including dressing rooms, green room, performer's facilities such as a laundry and showers, and loading zone, and;
- the refurbishment of the kitchen, bar and restrooms of the Tivoli Room.

The Project is expected to take approximately 12 months to complete and will allow the Theatre to maintain its important place as the cultural hub of Merredin.

Merredin CBD

During 2008/2009 financial year Council engaged Consultants Urban Design Landscape Architects (UDLA) to undertake the Merredin CBD concept plan. The aim of the Plan is to provide firm direction for this important business, community and tourist hub. The Plan will not only focus on the physical outcomes, however is concerned with the future commercial and community vision.

After extensive community consultation Council adopted the CBD Plan at its July 2009 meeting. The major features of the Plan are:

- the realignment of the carparks increasing their efficiency and the number of carparks available;
- the creation of a town square/piazza effect in the Railway Museum/Central Wheatbelt Visitor Centre and the junction of Bates and Barrack Street;
- the town square/piazza will open the vista of the town from the Highway inviting the travelling public to come and explore;
- the relocation of the Visitor Centre to create a town square/piazza effect, opening vistas from the town to the Railway Museum and from the Highway into town;
- the development of a heritage precinct adjacent to the Cummins Theatre;
- the commercial development of the Newfields Carpark fronting Bates Street; and
- landscaping works between Barrack Street and the remodelled car parking area.

The project is intended to be completed in a 8 stage process and initial cost estimates indicate the project will cost over \$3.748 million.

Aged Accommodation

Aged Accommodation Strategy Council recognises the region's ageing population and the lack of housing options for aged in Merredin and the region, as an important strategic challenge for the future. As a means of addressing this challenge, Council engaged a consultant in November 2009 to prepare an Aged Accommodation Strategy, which would analyse the demographics, identify the demand and supply of accommodation and provide strategies, action plans and an implementation program to address the issues. The Strategy was completed in March 2010 and adopted by Council in April 2010 and will now be used for planning of future aged accommodation.

The Strategy was jointly funded by the Shire and Merrittville Retirement Committee.

Merrittville Retirement Village Council will be working closely with the Merrittville Retirement Village Committee to progress the expansion of the Village. Council undertook advertising in June 2010 on behalf of the Committee seeking expressions of interest from architects to develop concept plans for the proposed extensions.

It is envisaged that the concept plans will address the provision of high care and independent accommodation and ancillary support services including resident activities and administration. The concept plans will provide for staged development of the site and provide indicative costings for the work. The concept plans are expected to be finalised in the first quarter of the 2010/2011 financial year.

Local Laws and Council Policies

The Local Government Act 1995 requires that all local government local laws must be reviewed within an eight year period. Pursuant to this, a number of local laws will be reviewed commencing in the 2010/11 financial year.

During the 2009/10 financial year, the Shire commenced a full review of its policy manual. The review is ongoing.

National Competition Policy

The Shire of Merredin has incorporated the principles and assessment of National Competition Policy into its practices and activities. The Shire continues to monitor Council policies and local laws for anti-competitive practices and does not believe to have undertaken activities that have been anti-competitive in nature.

Freedom of Information

The Western Australian Freedom of Information Act 1992 provides the public with the right to apply for access to documents held by the Shire. An applicant's right to access cannot be affected by their reason for wishing to obtain it, nor is there a need for an applicant to provide a reason as to why access is being sought.

Schedule 1 to the Act provides what information is exempt from the requirement to release documents to the public. The Shire had no Freedom of information applications in 2009/10.

State Records Act

2009/2010 Achievements

The Shire of Merredin continued the consolidation of its adopted Record Keeping Plan, as required by the State Records Act 2000, by progressing better practice recordkeeping and compliance with the minimum requirements of State Records Commission (SRC) Standard 2: Recordkeeping Plans and SRC Standard 6: Outsourcing.

Future Objectives – Compliance with SRC Principle 6

The Shire has made a strong commitment to address the following matters within specific timeframes:

Under SRC Standard 2:

Principle Two

- Development of procedures for:

- Systems Management;
- Metadata Management; and
- A Migration Strategy;
- Further development of procedures for Website Management; to include further records of amendments to the site, and capture of periodic snapshots as a permanent record;
- Evidence that the draft Policy and Procedures have been adopted by Council and implemented for use by all staff; and
- Examination of options regarding investment in and implementation of an electronic records system, if required.

Principle Four

- Confirmation that archival records currently stored in the offsite storage facility have been identified and relocated to more suitable storage which ensures greater protection for these records;
- Investigation of options for offsite storage of backup tapes, and any action taken;
- Outcome of consideration given to options for purpose built records storage, including any action taken;
- Development and implementation of a Vital Records program; and
- Development of a Disaster Management Plan, including strategies for recovery of hard copy records.

Principle Five

- Evidence that lists of records for transfer or destruction are authorised by the CEO.

Principle Six

- Confirmation that in-house training in records management has been delivered to all staff; and
- Outcome of consideration given to establishing an intranet site for the Shire, including any action taken to publish information relating to records management.

Under SRC Standard 6:

- Inclusion of clauses addressing recordkeeping requirements in new and renewed contracts for outsourced functions.

Disability Services Plan

The Disability Services Amendment Act 1999 requires Council to report on its Disability Services Plan achievements within its Annual Report. The Shire of Merredin Disability Services Plan was adopted in 1995 and Revised in February 2001. In January 2007 Council adopted the *Disability Access and Inclusion Plan 2007-2012*.

Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the Executive Manager of Development Services is responsible for the implementation of the principles and projects within the Plan. When Council is addressing the issue of accessibility to Council's facilities and functions it is aware that by providing better access for people with disabilities it is providing better access for the whole community. Work continues to improve footpaths and access ways around the townsite as part of recognising the Disability Services Plan.

Further information can be obtained by contacting Mr John Mitchell, Executive Manager of Development Services at the Council Administration Centre on 08 9041 1611 or email emds@merredin.wa.gov.au.

SHIRE OF MERREDIN



ADMINISTRATION CENTRE

Situated on the Corner of King and Barrack Streets, Merredin

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Facsimile: (08) 9041 2379

Email: admin@merredin.wa.gov.au

Website: www.merredin.wa.gov.au

SHIRE COMMUNITY FACILITIES

Central Wheatbelt Visitors Centre

Barrack Street, Merredin

Telephone: (08) 9041 1666

Fax: (08)9041 2788

visitor@merredin.wa.gov.au



Merredin Regional Library

Queen Street, Merredin

Telephone: (08) 9041 1222

Fax: (08) 9041 3054

library@merredin.wa.gov.au

Merredin Regional Community & Leisure Centre

Bates Street, Merredin

Telephone: (08) 9041 3033

Fax: (08) 9041 3051

mrcladmin@merredin.wa.gov.au



Merredin District Olympic Pool

Corner of Throssell Road and Pool Street, Merredin

Telephone: (08) 9041 1147

Fax: (08) 9041 1147

pool@merredin.wa.gov.au

Cummins Theatre

Bates Street, Merredin

Telephone: (08) 9041 3295

Fax: (08) 9041 3294

manager@cumminstheatre.com.au



COUNCILLORS

Councillor Ken Hooper
Shire President
Expiry of Term:
15 October 2011



Councillor Mark Crees
Deputy Shire President
Expiry of Term:
15 October 2011



Councillor Martin Morris
Expiry of Term:
19 October 2013



Councillor Donna Crook
Expiry of Term:
19 October 2013



Councillor Julie Townrow
Expiry of Term:
15 October 2011



Councillor Pam Forbes
Expiry of Term:
15 October 2011



Councillor Wayne
Wallace Expiry of Term:
19 October 2013



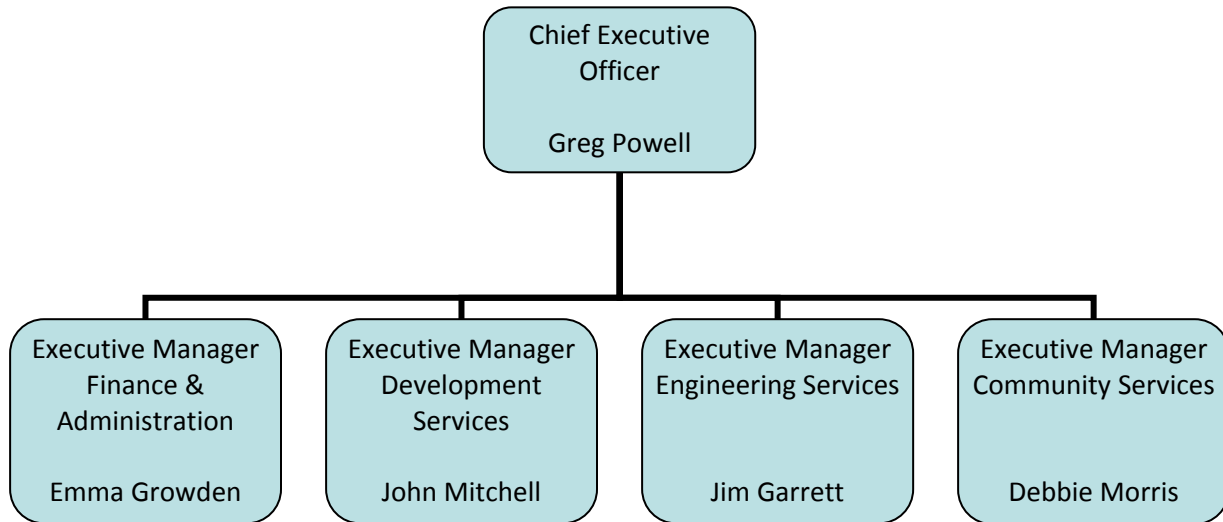
Councillor Asha Hooper
Expiry of Term:
15 October 2011



Councillor Maria Young
Expiry of Term:
15 October 2011



SENIOR MANAGEMENT



MANAGERS, SUPERVISORS & SPECIALISED STAFF

Visitor Centre Manager	Pam Masters
Cummins Theatre Manager	Jane Bandurski
Recreation Centre Manager	Judy Jefferys
Swimming Pool Manager	Neil Lavers
Regional Librarian	Julie Turner
Building Project Manager	John Gearing
Construction Supervisor	Troy Davey
Town Maintenance Supervisor	Rodney Robertson
Recreation Ground Curator	Graham Motzel
Natural Resource Management Officer	Tobias Vudzijena
Ranger	George Ward

BUDGET HIGHLIGHTS

Council undertook the following range of capital improvement programs as part of the 2009/2010 Budget.

Cummins Theatre

This project was of significant cultural and heritage significance to the Shire of Merredin. In the 2009/2010, \$1,000,000 was budgeted to complete a major upgrade of the Cummins Theatre. In order to complete these works, \$634,402 was allocated from Royalties for Regions funding. The Shire also received \$220,300 from the Wheatbelt Development Commission, \$270,700 from Lotterywest, \$201,090 from Jobs Fund, \$50,000 from CAFF and \$10,000 from Merredin Repertory Club to complete the project, which included:

- Cleaning out, excavation and brickwork under the stage area;
- Upgrading the Fly Tower system;
- Upgrading the Mezzanine floor;
- Refurbishment of the Tivoli Room;
- New storage rooms and facilities;
- Refurbishment of the backstage area, including dressing rooms, green room, performer's facilities, and loading zone;
- Insulating the Fly Tower and Auditorium; and
- Installing air conditioning to Auditorium.



The inside of the Cummins Theatre. Built in Merredin by James Cummins in 1928, the Cummins Theatre was originally constructed in Coolgardie, during the later part of the nineteenth century. In 1982 the venue was listed by the National Trust of Australia in recognition of its historical significance. The theatre is a wonderful asset available for community oriented cultural occasions; commercial and private gatherings.

MRC&LC Storage Shed

The 2009/2010 budget included a provision for \$105,000 for the MRC&LC Storage Shed to be utilized by sports and community groups as an additional storage area. Royalties for Regions funding of approximately \$50,000 combined with additional grants and generous sporting and community group contributions resulted in this project being budgeted to be fully externally funded.

Central Business District (CBD) Plan

The 2009/2010 budget included \$100,000 funding for the commencement of detailed feature surveys and drainage plans for the CBD Plan. Further funding is expected to be allocated in the 2010/2011 Budget for further detailed plans, specifications and costings of the CBD Plan.

Cohn Creek

The Cohn Creek cleanout project commenced in 2008/2009 and is due to be completed in early 2010. This project cost a \$100,000 in total which was funded from the Royalties for Regions program.

Roy Little Park Bike Path

In the 2009/2010 Budget, \$180,000 was allocated to establish a multi use pathway around Roy Little Park. The pathway aims to promote healthy lifestyles by encouraging people to cycle and walk. A funding application for \$50,000 from Department of Planning and Infrastructure – Regional Bicycle Network Local Government Grants Program was successful with further funding of \$88,000 being sourced from the Department of Education, Employment and Workplace Relations – Jobs Fund and \$30,000 from RLCIP.

Plant

A number of plant items were budgeted to be replaced during 2009/2010 including:

- Replacement of Construction Grader;
- Replacement of Isuzu 13 Tonne truck used in Parks & Gardens;
- Replacement of 4 Tonne Truck used in Parks & Gardens; and
- Series of small plant items in line with Councils Ten Year Plant Replacement Program.

Support for Community Groups and Events

The Shire of Merredin allocated funds and/or in-kind work towards the following community groups and events in 2009/2010:

- Welcome to Merredin and Thank a Volunteer Events;
- ANZAC Day Commemoration;
- Australia Day Events;
- Gala Night;
- Eastern District Display Committee;
- Seniors Luncheon;
- Community Concert;
- Declared Species (Wild Dog Control);

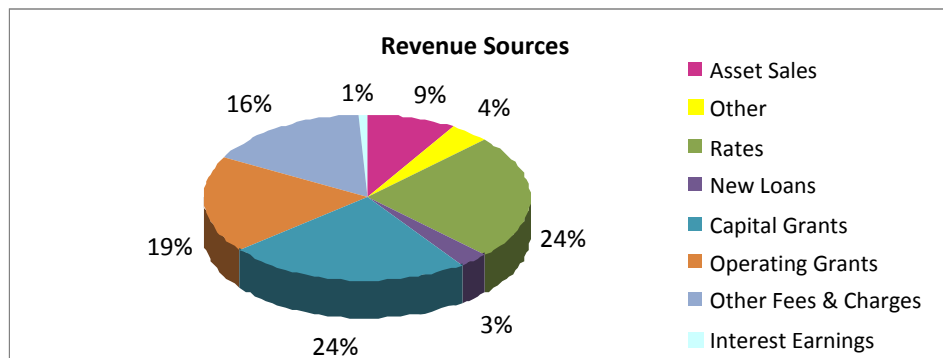
- High School Chaplaincy Program;
- MADCAPS (Building Maintenance); and
- Various Donations totalling \$16,500.



FINANCIAL OVERVIEW

Sources of Funding

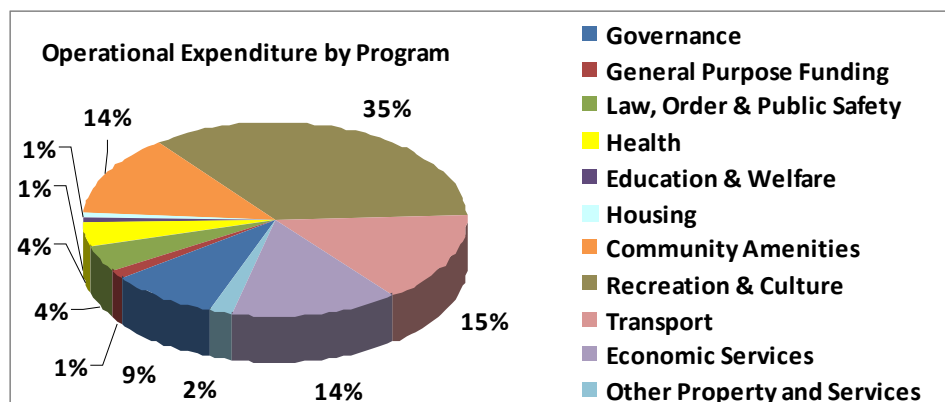
The following graph details the various revenue sources as they were budgeted for the 2009/2010 financial year.



Expenses

Operational expenditure is considered to be the expenditure required to run the day-to-day functions of the Shire. This expenditure allows the Shire to meet the cost of the various services provided to residents.

The total operating expenditure (which excludes 'non-cash' expenses such as depreciation) was budgeted to be \$7,043,331. The following chart details the breakdown of operational expenditure across the various programs of the Shire.



The variance between the operational expenditure and total revenue is accounted for by capital revenue and expenditure during the year and transfers to and from reserves.

2009/2010 Roadworks Program

Council made a provision of \$1,291,500 for a comprehensive roadworks programme in the 2009/2010 Budget. Funding to conduct these works was derived from a number of sources including Council funds, Federal and State Government funding in the form of Roads to Recovery Funding (\$431,900) and Regional Road Group Grants (\$306,000). Council also received funds from the WA Local Government Grants Commission through their Financial Assistance Grants. Council also budgeted an additional amount of \$654,000 for general road and infrastructure maintenance over the course of the year with \$122,300 being received from the Main Roads WA Maintenance Grant.

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

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the Fifteenth day of November 2010.



Greg Powell
Chief Executive Officer

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	2,298,613	2,300,180	2,219,511
Operating Grants, Subsidies and Contributions	28	1,185,300	1,791,592	1,316,116
Fees and Charges	27	2,049,158	1,520,625	2,169,191
Service Charges	24	0	0	0
Interest Earnings	2(a)	104,885	72,773	151,841
Other Revenue		17,884	342,200	24,644
		<u>5,655,840</u>	<u>6,027,370</u>	<u>5,881,303</u>
EXPENSES				
Employee Costs		(2,859,784)	(2,714,704)	(2,458,005)
Materials and Contracts		(1,896,515)	(2,019,745)	(2,206,196)
Utility Charges		(294,856)	(313,275)	(239,437)
Depreciation on Non-Current Assets	2(a)	(1,353,412)	(1,127,705)	(1,376,306)
Interest Expenses	2(a)	(73,247)	(72,258)	(83,553)
Insurance Expenses		(163,793)	(141,564)	(158,947)
Other Expenditure		(139,160)	(413,891)	(33,320)
		<u>(6,780,767)</u>	<u>(6,803,142)</u>	<u>(6,555,764)</u>
		(1,124,927)	(775,772)	(674,461)
Non-Operating Grants, Subsidies and Contributions	28	2,150,795	2,256,900	2,894,751
Profit on Asset Disposals	20	431,055	360,148	117,413
Loss on Asset Disposal	20	(11,481)	(19,855)	(20,159)
NET RESULT		1,445,442	1,821,421	2,317,544
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>1,445,442</u></u>	<u><u>1,821,421</u></u>	<u><u>2,317,544</u></u>

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

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		85,579	55,200	57,502
General Purpose Funding		4,222,877	3,698,212	5,509,018
Law, Order, Public Safety		194,325	173,770	173,857
Health		23,594	37,150	39,886
Education and Welfare		268	122,030	1,748
Housing		38,965	59,540	37,081
Community Amenities		1,013,322	722,760	763,857
Recreation and Culture		1,058,089	2,187,918	766,180
Transport		1,124,962	1,136,493	945,648
Economic Services		153,206	230,000	127,310
Other Property and Services		322,503	203,490	471,380
	2 (a)	<u>8,237,690</u>	<u>8,626,563</u>	<u>8,893,467</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(665,123)	(527,109)	(576,997)
General Purpose Funding		(117,802)	(74,810)	(69,189)
Law, Order, Public Safety		(292,502)	(258,310)	(351,303)
Health		(247,178)	(233,515)	(199,351)
Education and Welfare		(28,647)	(44,820)	(31,181)
Housing		(53,533)	(58,320)	(47,521)
Community Amenities		(760,767)	(772,690)	(640,802)
Recreation & Culture		(1,883,267)	(2,043,360)	(1,773,102)
Transport		(1,916,168)	(1,801,294)	(1,823,311)
Economic Services		(553,368)	(792,249)	(587,712)
Other Property and Services		(200,646)	(126,407)	(391,901)
	2 (a)	<u>(6,719,001)</u>	<u>(6,732,884)</u>	<u>(6,492,370)</u>
FINANCE COSTS				
BORROWING COSTS EXPENSE				
Governance		(3,483)	(3,485)	(8,687)
Health		(277)	(8,432)	(6,709)
Recreation and Culture		(48,089)	(47,654)	(48,587)
Economic Services		(21,398)	(12,687)	(19,570)
	2 (a)	<u>(73,247)</u>	<u>(72,258)</u>	<u>(83,553)</u>
NET RESULT		<u>1,445,442</u>	<u>1,821,421</u>	<u>2,317,544</u>
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>1,445,442</u></u>	<u><u>1,821,421</u></u>	<u><u>2,317,544</u></u>

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

**SHIRE OF MERREDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,991,926	2,856,314
Trade and Other Receivables	4	615,003	746,014
Inventories	5	47,402	30,826
TOTAL CURRENT ASSETS		<u>3,654,331</u>	<u>3,633,154</u>
NON-CURRENT ASSETS			
Other Receivables	4	38,559	38,744
Inventories	5	692,094	946,822
Property, Plant and Equipment	6	13,497,890	12,234,470
Infrastructure	7	40,241,433	39,780,230
TOTAL NON-CURRENT ASSETS		<u>54,469,976</u>	<u>53,000,266</u>
TOTAL ASSETS		<u>58,124,307</u>	<u>56,633,420</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	646,157	668,570
Long Term Borrowings	9	119,684	131,061
Provisions	10	401,967	412,922
TOTAL CURRENT LIABILITIES		<u>1,167,808</u>	<u>1,212,553</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,222,634	1,146,385
Provisions	10	76,950	63,009
TOTAL NON-CURRENT LIABILITIES		<u>1,299,584</u>	<u>1,209,394</u>
TOTAL LIABILITIES		<u>2,467,392</u>	<u>2,421,947</u>
NET ASSETS		<u>55,656,915</u>	<u>54,211,473</u>
EQUITY			
Retained Surplus		28,144,165	26,927,128
Reserves - Cash Backed	11	1,702,752	1,474,347
Reserves - Asset Revaluation	12	25,809,998	25,809,998
TOTAL EQUITY		<u>55,656,915</u>	<u>54,211,473</u>

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

**SHIRE OF MERREDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008	24,224,306	1,859,625	25,809,998	51,893,929
Net Result	2,317,544	0	0	2,317,544
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	385,278	-385,278	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2009	26,927,128	1,474,347	25,809,998	54,211,473
Net Result	1,445,442	0	0	1,445,442
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	-228,405	228,405	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2010	<u>28,144,165</u>	<u>1,702,752</u>	<u>25,809,998</u>	<u>55,656,915</u>

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

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,382,249	2,300,180	2,164,415
Operating Grants, Subsidies and Contributions		1,185,300	1,791,592	1,316,116
Fees and Charges		2,131,896	1,953,285	1,943,450
Interest Earnings		104,885	72,773	151,841
Goods and Services Tax		437,425	350,000	547,784
Other Revenue		17,884	342,200	24,644
		<u>6,259,639</u>	<u>6,810,030</u>	<u>6,148,250</u>
Payments				
Employee Costs		(2,912,834)	(2,714,704)	(2,510,443)
Materials and Contracts		(1,877,342)	(2,254,350)	(2,235,198)
Utility Charges		(294,856)	(313,275)	(239,437)
Insurance Expenses		(163,793)	(141,564)	(158,947)
Interest Expenses		(75,373)	(72,258)	(85,178)
Goods and Services Tax		(474,471)	(350,000)	(512,291)
Other Expenditure		(139,160)	(413,891)	(33,429)
		<u>(5,937,829)</u>	<u>(6,260,042)</u>	<u>(5,774,923)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>321,810</u>	<u>549,988</u>	<u>373,327</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(21,154)	(2,765,000)	(873,322)
Payments for Purchase of Property, Plant & Equipment		(2,157,096)	(1,047,500)	(826,336)
Payments for Construction of Infrastructure		(1,243,562)	(1,285,051)	(1,589,370)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,150,795	2,256,900	2,894,751
Proceeds from Sale of Land Held for Resale		739,091	280,000	0
Proceeds from Sale of Property, Plant & Equipment		278,988	563,000	448,653
		<u>278,988</u>	<u>563,000</u>	<u>448,653</u>
Net Cash Provided By (Used In)				
Investing Activities		(252,938)	(1,997,651)	54,376
Cash Flows from Financing Activities				
Repayment of Debentures		(185,128)	(200,792)	(123,628)
Proceeds from Self Supporting Loans		1,868	1,868	1,768
Proceeds from New Debentures		250,000	250,000	0
		<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net Cash Provided By (Used In)				
Financing Activities		66,740	51,076	(121,860)
Net Increase (Decrease) in Cash Held				
Cash at Beginning of Year		2,856,314	(1,396,587)	2,550,471
Cash and Cash Equivalents at the End of the Year	13(a)	<u>2,991,926</u>	<u>1,474,064</u>	<u>2,856,314</u>

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

**SHIRE OF MERREDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		50,579	55,200
General Purpose Funding		1,205,681	1,398,032
Law, Order, Public Safety		194,325	173,770
Health		23,594	37,150
Education and Welfare		268	122,030
Housing		38,965	59,540
Community Amenities		947,391	712,760
Recreation and Culture		554,608	748,918
Transport		308,462	328,593
Economic Services		141,906	230,000
Other Property and Services		322,503	203,490
		<u>3,788,282</u>	<u>4,069,483</u>
EXPENSES			
Governance		(668,606)	(530,594)
General Purpose Funding		(117,802)	(74,810)
Law, Order, Public Safety		(292,502)	(258,310)
Health		(247,455)	(241,947)
Education and Welfare		(28,647)	(44,820)
Housing		(53,533)	(58,320)
Community Amenities		(760,767)	(772,690)
Recreation & Culture		(1,931,356)	(2,091,014)
Transport		(1,916,168)	(1,801,294)
Economic Services		(574,766)	(804,936)
Other Property and Services		(200,646)	(130,041)
		<u>(6,792,248)</u>	<u>(6,808,776)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(419,574)	(340,293)
Movement in Accrued Interest		(2,126)	-
Movement in Deferred Pensioner Rates (Non-Current)		(1,790)	-
Movement in Accrued Salaries and Wages		(56,036)	-
Movement in Employee Benefit Provisions		2,626	-
Depreciation and Amortisation on Assets		1,353,412	1,127,705
Capital Expenditure and Revenue			
Grants/Contributions Asset Development		2,150,795	2,256,900
Purchase Land Held for Resale		(21,154)	-
Purchase Land and Buildings		(1,419,941)	(2,705,000)
Purchase Infrastructure Assets - Roads & Drainage		(1,155,443)	(1,191,524)
Purchase Infrastructure Assets - Parks		(6,444)	(26,000)
Purchase Subdivisional Costs		-	(60,000)
Purchase Footpaths		(81,675)	(67,527)
Purchase Plant and Equipment		(721,358)	(1,042,500)
Purchase Furniture and Equipment		(15,797)	(5,000)
Proceeds from Disposal of Assets		1,018,079	843,000
Repayment of Debentures		(185,128)	(200,792)
Proceeds from New Debentures		250,000	250,000
Self-Supporting Loan Principal Income		1,868	1,868
Transfers to Reserves (Restricted Assets)		(687,059)	(1,167,248)
Transfers from Reserves (Restricted Assets)		458,651	1,262,730
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,570,106	1,502,794
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,326,659	-
Amount Required to be Raised from Rates	22	<u><u>(2,298,613)</u></u>	<u><u>(2,300,180)</u></u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(g) Fixed Assets

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

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

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

Buildings	50 to 100 years
Furniture and Equipment	4-10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks	not depreciated
construction/road base original surfacing and major re-surfacing	50 years
- bituminous seals	20 years
Gravel roads clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed) clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

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

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

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

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

2. REVENUE AND EXPENSES	2010	2009
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	<u>17,891</u>	<u>13,850</u>
Depreciation		
Buildings	224,673	205,187
Furniture and Equipment	40,771	38,737
Plant and Equipment	305,609	324,989
Roads & Parks & Ovals	746,359	777,393
Footpaths	18,000	15,000
Drainage	18,000	15,000
	<u>1,353,412</u>	<u>1,376,306</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	<u>73,247</u>	<u>83,553</u>
	<u>73,247</u>	<u>83,553</u>
Rental Charges		
- Operating Leases	<u>0</u>	<u>0</u>
(ii) Crediting as Revenue:	2010	2010
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	31,288	25,773
- Other Funds	46,361	35,000
Other Interest Revenue (<i>refer note 26</i>)	27,236	43,316
	<u>104,885</u>	<u>151,841</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of resources.

Activities: Administration and operations 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 services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community.

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

HEALTH

Objective: To provide an operational framework for good community health.

Activities: Food quality and pest control, inspection of abattoir and support of child health services.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas.

Activities: Support day care centres and pre school facilities and assistance to senior citizens and retirement villages and other voluntary services.

HOUSING

Objective: To provide subsidised housing to promote youth employment in Merredin.

Activities: Maintenance and rentals of single persons units and other housing.

COMMUNITY AMENITIES

Objective: Provide sanitary and essential services required by the community.

Activities: Refuse collection services, operation of refuse sites, administration of town planning scheme, cemetery services and maintenance, environmental services, urban stormwater drainage, women's rest centre and other development services.

RECREATION AND CULTURE

Objective: To establish and maintain efficiently infrastructure and resources which will help the social well being of the community.

Activities: Maintenance of halls, aquatic centre, recreation centre and reserves, parks and gardens, regional library service, cultural and heritage services and facilities.

TRANSPORT

Objective: To provide effective and efficient transport services to the community.

Activities: Maintenance of streets, roads, footpaths, street lighting and cleaning, parking areas, transport licensing services on behalf of the Department of Transport.

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

2. REVENUE AND EXPENSES

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic well being and provide medical services or assistance to the community.

Activities: Noxious weed control, tourism and area promotion, community development and coordination, building control and services, activities related to medical locum and other economic services.

OTHER PROPERTY AND SERVICES

Objective: To provide effective public and private works operations and ensure plant maintenance occurs as required.

Activities: Private works operations, public works operation, plant operation costs, gross salaries and wages

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (*) 1-Jul-08 \$</u>	<u>Received (+) 2008/09 \$</u>	<u>Expended (#) 2008/09 \$</u>	<u>Closing Balance (*) 30-Jun-09 \$</u>	<u>Received (+) 2009/10 \$</u>	<u>Expended (#) 2009/10 \$</u>	<u>Closing Balance 30-Jun-10 \$</u>
Roads to Recovery	Transport				0	461,961	(343,010)	118,951
Royalties for Regions	Community Amenties	0	966,402	0	966,402	0	(936,502)	29,900
Total		<u>0</u>	<u>966,402</u>	<u>0</u>	<u>966,402</u>	<u>461,961</u>	<u>-1,279,512</u>	<u>148,851</u>

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

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Unrestricted	3,300	3,300
Cash at Bank - Municipal	1,285,874	1,378,667
Cash at Bank Reserves - Restricted	<u>1,702,752</u>	<u>1,474,347</u>
	<u><u>2,991,926</u></u>	<u><u>2,856,314</u></u>
The following is a reconciliation of the municipal funds above:		
Unrestricted	1,137,023	412,265
Restricted	<u>148,851</u>	<u>966,402</u>
	<u><u>1,285,874</u></u>	<u><u>1,378,667</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	103,792	112,976
Plant Reserve	233,238	511,380
Cummins Theatre Reserve	6,060	5,912
Annual Leave Reserve	69,081	67,484
General Building Reserve	239,838	133,421
Land and Development Reserve	542,609	240,923
Doctors Housing Reserve	10,713	12,888
Disaster Relief Reserve	6,450	6,292
Road Reinstatement Reserve	21,086	20,568
Cummings Street Units Reserve	43,517	52,592
Carried Over Projects Reserve	0	19,480
Building Maintenance Reserve	20,969	23,174
Waste Management Reserve	213,216	126,718
FESA Levy Reserve	7,219	7,042
Saline Water Initiatives Reserve	51,272	51,965
MRC&LC Reserve	105,032	53,574
Merredin Memorial Pool Reserve	<u>28,660</u>	<u>27,958</u>
	<u><u>1,702,752</u></u>	<u><u>1,474,347</u></u>
Other:		
Municipal Cash at Bank - Restricted:		
Unspent Grants (Refer to Note 2(c))	<u>148,851</u>	<u>966,402</u>
	<u><u>148,851</u></u>	<u><u>966,402</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	248,213	333,639
Sundry Debtors	348,735	431,473
GST Receivable	46,080	9,034
Loans - Clubs/Institutions	1,975	1,868
Less: Provision for Doubtful Debts	<u>(30,000)</u>	<u>(30,000)</u>
	<u><u>615,003</u></u>	<u><u>746,014</u></u>
Non-Current		
Rates Outstanding - Pensioners	28,183	26,393
Loans - Clubs/Institutions	<u>10,376</u>	<u>12,351</u>
	<u><u>38,559</u></u>	<u><u>38,744</u></u>

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

	2010	2009
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	<u>47,402</u>	<u>30,826</u>
	<u>47,402</u>	<u>30,826</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	343,592	344,394
Development Costs	<u>348,502</u>	<u>602,428</u>
	<u>692,094</u>	<u>946,822</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	12,708,670	11,458,524
Less Accumulated Depreciation	<u>(2,043,761)</u>	<u>(1,819,088)</u>
	10,664,909	9,639,436
Furniture and Equipment - Cost	852,267	837,042
Less Accumulated Depreciation	<u>(581,144)</u>	<u>(540,945)</u>
	271,123	296,097
Plant and Equipment - Cost	4,515,551	4,248,630
Less Accumulated Depreciation	<u>(1,953,693)</u>	<u>(1,949,693)</u>
	2,561,858	2,298,937
	<u>13,497,890</u>	<u>12,234,470</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2009	9,639,436	296,097	2,298,937	12,234,470
Additions	1,419,966	15,797	721,358	2,157,121
(Disposals)	(881)	-	(152,830)	(153,711)
Depreciation (Expense)	(224,673)	(40,771)	(305,609)	(571,053)
Other Movements	(168,939)	-	2	(168,937)
Balance as at 30 June 2010	<u>10,664,909</u>	<u>271,123</u>	<u>2,561,858</u>	<u>13,497,890</u>

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

	2010	2009
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	69,302,496	68,203,093
Less Accumulated Depreciation	<u>(30,836,722)</u>	<u>(30,095,274)</u>
	38,465,774	38,107,819
Footpaths - Cost	983,357	901,682
Less Accumulated Depreciation	<u>(394,778)</u>	<u>(376,778)</u>
	588,579	524,904
Drainage - Cost	891,222	835,182
Less Accumulated Depreciation	<u>(395,187)</u>	<u>(377,187)</u>
	496,035	457,995
Parks & Ovals - Cost	696,465	690,021
Less Accumulated Depreciation	<u>(5,420)</u>	<u>(509)</u>
	691,045	689,512
	<u><u>40,241,433</u></u>	<u><u>39,780,230</u></u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Parks and Ovals	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2009	38,107,819	524,904	457,995	689,512	39,780,230
Additions	1,099,403	81,675	56,040	6,444	1,243,562
(Disposals)	0	0	0	0	0
Depreciation (Expense)	(741,448)	(18,000)	(18,000)	(4,911)	(782,359)
Other Movements	0	0	0	0	0
Balance as at 30 June 2010	<u>38,465,774</u>	<u>588,579</u>	<u>496,035</u>	<u>691,045</u>	<u>40,241,433</u>

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

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	624,920	589,171
Accrued Interest on Debentures	11,134	13,260
Accrued Salaries and Wages	10,103	66,139
	<u>646,157</u>	<u>668,570</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>119,684</u>	<u>131,061</u>
	<u>119,684</u>	<u>131,061</u>
Non-Current		
Secured by Floating Charge Debentures	<u>1,222,634</u>	<u>1,146,385</u>
	<u>1,222,634</u>	<u>1,146,385</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	264,052	255,411
Provision for Long Service Leave	137,915	157,511
	<u>401,967</u>	<u>412,922</u>
Non-Current		
Provision for Long Service Leave	<u>76,950</u>	<u>63,009</u>
	<u>76,950</u>	<u>63,009</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Long Service Leave Reserve			
Opening Balance	112,976	112,976	108,829
Amount Set Aside / Transfer to Reserve	2,816	0	4,147
	<u>(12,000)</u>	<u>(20,000)</u>	<u>0</u>
	<u>103,792</u>	<u>92,976</u>	<u>112,976</u>
(b) Plant Reserve			
Opening Balance	511,380	511,380	393,018
Amount Set Aside / Transfer to Reserve	81,268	763,478	351,617
Amount Used / Transfer from Reserve	<u>(359,410)</u>	<u>(962,000)</u>	<u>(233,255)</u>
	<u>233,238</u>	<u>312,858</u>	<u>511,380</u>
(c) Cummins Theatre Reserve			
Opening Balance	5,912	45,912	5,695
Amount Set Aside / Transfer to Reserve	148	0	217
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,060</u>	<u>45,912</u>	<u>5,912</u>
(d) Annual Leave Reserve			
Opening Balance	67,484	47,484	65,039
Amount Set Aside / Transfer to Reserve	1,597	0	22,445
Amount Used / Transfer from Reserve	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
	<u>69,081</u>	<u>27,484</u>	<u>67,484</u>
(e) General Building Reserve			
Opening Balance	133,421	133,421	128,604
Amount Set Aside / Transfer to Reserve	134,759	121,000	54,817
Amount Used / Transfer from Reserve	<u>(28,342)</u>	<u>(61,000)</u>	<u>(50,000)</u>
	<u>239,838</u>	<u>193,421</u>	<u>133,421</u>
(f) Land and Development Reserve			
Opening Balance	240,923	240,923	742,282
Amount Set Aside / Transfer to Reserve	301,686	100,000	27,917
Amount Used / Transfer from Reserve	<u>-</u>	<u>(10,000)</u>	<u>(529,276)</u>
	<u>542,609</u>	<u>330,923</u>	<u>240,923</u>
(g) Doctors Housing Reserve			
Opening Balance	12,888	12,888	12,415
Amount Set Aside / Transfer to Reserve	325	0	473
Amount Used / Transfer from Reserve	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
	<u>10,713</u>	<u>10,388</u>	<u>12,888</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(continued)			
(h) Disaster Relief Reserve			
Opening Balance	6,292	6,292	6,061
Amount Set Aside / Transfer to Reserve	158	0	231
Amount Used / Transfer from Reserve	-	-	-
	<u>6,450</u>	<u>6,292</u>	<u>6,292</u>
(i) Road Reinstatement Reserve			
Opening Balance	20,568	20,568	19,813
Amount Set Aside / Transfer to Reserve	518	0	755
Amount Used / Transfer from Reserve	-	(10,000)	-
	<u>21,086</u>	<u>10,568</u>	<u>20,568</u>
(j) Carried Over Project Reserve			
Opening Balance	19,480	19,480	90,172
Amount Set Aside / Transfer to Reserve	389	0	3,354
Amount Used / Transfer from Reserve	(19,869)	(19,480)	(74,046)
	<u>0</u>	<u>0</u>	<u>19,480</u>
(k) Cummings Street Units Reserve			
Opening Balance	52,592	52,592	50,792
Amount Set Aside / Transfer to Reserve	8,675	7,500	10,050
Amount Used / Transfer from Reserve	(17,750)	(17,750)	(8,250)
	<u>43,517</u>	<u>42,342</u>	<u>52,592</u>
(l) Building Maintenance Reserve			
Opening Balance	23,174	23,174	71,517
Amount Set Aside / Transfer to Reserve	12,575	22,270	11,657
Amount Used / Transfer from Reserve	(14,780)	(28,000)	(60,000)
	<u>20,969</u>	<u>17,444</u>	<u>23,174</u>
(m) Waste Management Reserve			
Opening Balance	126,718	126,718	81,870
Amount Set Aside / Transfer to Reserve	86,498	103,000	69,848
Amount Used / Transfer from Reserve	-	(100,000)	(25,000)
	<u>213,216</u>	<u>129,718</u>	<u>126,718</u>
(n) FESA Levy Reserve			
Opening Balance	7,042	7,042	6,783
Amount Set Aside / Transfer to Reserve	177	0	259
Amount Used / Transfer from Reserve	-	-	-
	<u>7,219</u>	<u>7,042</u>	<u>7,042</u>
(o) Saline Water Initiatives Reserve			
Opening Balance	51,965	51,965	50,057
Amount Set Aside / Transfer to Reserve	1,307	0	1,908
Amount Used / Transfer from Reserve	(2,000)	(12,000)	-
	<u>51,272</u>	<u>39,965</u>	<u>51,965</u>

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

11. RESERVES - CASH BACKED

(continued)

(p) MRC&LC Reserve

Opening Balance	53,574	53,574	15,508
Amount Set Aside / Transfer to Reserve	51,458	50,000	38,066
Amount Used / Transfer from Reserve	-	-	-
	<u>105,032</u>	<u>103,574</u>	<u>53,574</u>

(q) Merredin District Olympic Pool Reserve

Opening Balance	27,957	27,957	0
Amount Set Aside / Transfer to Reserve	2,703	0	27,958
Amount Used / Transfer from Reserve	(2,000)	-	-
	<u>28,660</u>	<u>27,957</u>	<u>27,958</u>

TOTAL CASH BACKED RESERVES	<u>1,702,752</u>	<u>1,398,864</u>	<u>1,474,347</u>
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All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

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

Long Service Leave Reserve

- To be used to fund employees long service leave.

Plant Reserve

- To be used to fund council plant purchases and extraordinary plant maintenance.

Cummins Theatre Reserve

- To be used to fund capital works at the Cummins Theatre.

Annual Leave Reserve

- To be used to fund employees accrued annual leave.

General Building Reserve

- To be used to fund council building construction.

Land and Development Reserve

- To be used to fund future council residential and commercial land development.

Doctors Housing Reserve

- To be used to fund housing costs associated with attracting doctors to Merredin.

Disaster Relief Reserve

- Contingency Reserve for disasters.

Road Reinstatement Reserve

- To be used for emergency road reinstatements.

Carried Over Projects Reserve

- To be used for specific projects carried over from previous financial year.

Cummings Street Units Reserve

- To be used to maintain single persons housing under tripartite agreement with Homeswest.

Building Maintenance Reserve

- to be utilised to fund future upgrades of Council's buildings.

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

11. RESERVES - CASH BACKED

(continued)

Waste Management Reserve

- To be utilised to fund future development and upgrades in refuse management.

FESA Levy Reserve

- Holding reserve for the balance of FESA levy funding from previous years to be utilised under FESA direction.

Saline Water Initiatives Research

-To be utilised for the research and development into initiatives designed to use the saline water below Merredin or similar type environmental projects.

MRC&LC Reserve

- To be utilised for the Merredin Regional Community & Leisure Centre.

Merredin District Olympic Pool Reserve

- To be utilised for the maintenance and development of the Merredin District Olympic Pool.

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

12. RESERVES - ASSET REVALUATION

2010
\$ **2009**
\$

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

(a) Roads

Balance as at 1 July 2009	25,809,998	25,809,998
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	25,809,998	25,809,998
 TOTAL ASSET REVALUATION RESERVES	 25,809,998	 25,809,998

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	2,991,926	1,474,064	2,856,314

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

Net Result	1,445,442	1,821,421	2,317,544
Depreciation	1,353,412	1,127,704	1,376,306
(Profit)/Loss on Sale of Asset	(419,574)	(340,293)	(97,254)
(Increase)/Decrease in Receivables	129,328	456,748	(245,453)
(Increase)/Decrease in Inventories	(16,576)	(24,088)	10,941
Increase/(Decrease) in Payables	(22,413)	(234,605)	(90,971)
Increase/(Decrease) in Employee Provisions	2,986	-	(3,035)
Grants/Contributions for the Development of Assets	(2,150,795)	(2,256,900)	(2,894,751)
Net Cash from Operating Activities	321,810	549,987	373,327

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

13. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	140,000	140,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	3,000	3,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>143,000</u>	<u>143,000</u>

Loan Facilities

Loan Facilities - Current	119,684	131,061
Loan Facilities - Non-Current	<u>1,222,634</u>	<u>1,146,385</u>
Total Facilities in Use at Balance Date	<u>1,342,318</u>	<u>1,277,446</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

14. CONTINGENT LIABILITIES

A Contingent Liability of \$20,000 exists with relation to the B-Point method of payment. It is not expected that any funds will be expended with regards to this contingent liability.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Shire of Merredin had no finance lease commitments as at 30 June 2010.

(b) Operating Lease Commitments

	2010	2009
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	4,032
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	4,032

(c) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	0	0
- plant & equipment purchases	290,000	473,000
Payable:		
- not later than one year	290,000	473,000

The plant and equipment purchases outstanding at the end of the current reporting period represents the purchase cost of a 13 tonne Truck and 2 Ride On Mowers that were ordered prior to 30 June 2010 but not available for delivery until after year end.

16. JOINT VENTURE

The Shire of Merredin has no Joint Ventures with other Municipalities.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,472,623	1,484,243
General Purpose Funding	0	0
Law, Order, Public Safety	146,730	158,256
Health	934,868	966,928
Education and Welfare	315,243	285,058
Housing	286,557	290,748
Community Amenities	1,133,324	1,312,886
Recreation and Culture	7,411,704	6,405,371
Transport	41,248,296	40,535,883
Economic Services	265,701	276,164
Other Property and Services	1,072,357	1,245,956
Unallocated	3,836,904	3,671,927
	58,124,307	56,633,420

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

18. FINANCIAL RATIOS	2010	2009	2008
Current Ratio	1.812	1.159	0.811
Untied Cash to Unpaid Trade Creditors Ratio	1.825	0.700	0.569
Debt Ratio	0.042	0.043	0.048
Debt Service Ratio	0.042	0.035	0.042
Gross Debt to Revenue Ratio	0.22	0.214	0.228
Gross Debt to Economically Realisable Assets Ratio	0.075	0.076	0.090
Rate Coverage Ratio	0.279	0.255	0.276
Outstanding Rates Ratio	0.094	0.133	0.123

The above ratios are calculated as follows:

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

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

19. TRUST FUNDS

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

	Balance 1-Jul-09	Amounts Received	Amounts Paid	Balance 30-Jun-10
	\$	\$	(\$)	\$
Community Bus Fund	512	0	-	512
Housing Bonds	7,773	924	(701)	7,996
Recreation Hall Bonds	500			500
Possum Trap Bonds	313	250	(150)	413
Unclaimed Monies	300			300
Hall/Gym Bonds	205			205
SBS Transmitter	2,220			2,220
BCITF Levy	307	10,121	(6,251)	4,177
Overpayment of Rates	4,405			4,405
LCDC Tree Planter Fund	625	646		1,271
Poetry Book Fund	730			730
Other Bonds	6,350			6,350
Building Reg. Board Levy	384	2,440	(1,410)	1,414
Councillor Nomination Fee	480	400	(400)	480
Youth Advisory Council	154			154
Piopneer Park Contribution	750			750
Australian Open Garden Scheme	15			15
Skeleton Weed	2,429			2,429
Agracorp Merredin Sports Council	1,092			1,092
Public Open Space	0	1,500		1,500
	<u>29,544</u>			<u>36,913</u>

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

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment						
Governance						
WM Statesman Sedan	28,417	31,000	29,545	44,000	1,128	13,000
Law, Order & Public Safety						
2008 Ranger Super Cab	21,421	22,000	18,099	24,000	(3,322)	2,000
Health						
Toyota Aurion Sportivo	26,633	28,000	20,912	26,000	(5,721)	(2,000)
Transport						
CAT Grader	29,060	31,852	112,000	138,000	82,940	106,148
Uniloader Bobcat	429	2,000	5,000	8,000	4,571	6,000
2008 Ranger Crew Cab	23,762	25,000	23,523	27,000	(239)	2,000
Mitsubishi Tip Truck	23,108	26,855	20,909	26,000	(2,199)	(855)
Isuzu 13 tonne		80,000		90,000		10,000
Ride On Mower		21,000		10,000		(11,000)
Ride On Mower		26,000		20,000		(6,000)
Land & Buildings						
Education & Welfare						
Lot 11 South Avenue		29,000		150,000		121,000
Community Amenities						
Lot 26 Insignia Way	881	0	49,000	0	48,119	-
Carrington Way Sales		180,000		280,000		100,000
Lot 209 Carrington Way	41,706		65,455		23,749	-
Lot 210 Carrington Way	41,705		65,455		23,750	-
Lot 212 Carrington Way	41,706		65,455		23,749	-
Lot 218 McGinniss Way	25,743		41,818		16,075	-
Lot 219 McGinniss Way	25,742		41,818		16,076	-
Lot 220 McGinniss Way	25,742		41,818		16,076	-
Lot 221 McGinniss Way	25,742		41,818		16,076	-
Lot 222 McGinniss Way	23,907		41,818		17,911	-
Lot 223 McGinniss Way	23,676		40,909		17,233	-
Lot 224 McGinniss Way	40,437		70,000		29,563	-
Lot 225 McGinniss Way	40,470		70,000		29,530	-
Lot 226 McGinniss Way	40,602		70,000		29,398	-
Lot 232 Cummings Street	23,676		40,909		17,233	-
Lot 234 Cummings Street	23,940		41,818		17,878	-
	598,505	502,707	1,018,079	843,000	419,574	340,293

Sale of:

Land Held for Resale	444,794
Property, Plant & Equipment	153,711

Total Asset Sales	598,505
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SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
197b Administration Centre Building	41,103		41,103	41,103	0	0	1,701	1,702
202 Professional Housing (50%)	34,061		13,045	13,045	21,016	21,016	1,783	1,783
Health								
204 Staff Housing 56 Kitchener (50%)	28,335		28,335	28,335	0	0	277	86
Recreation & Culture								
208 Staff House	107,774		4,397	4,396	103,377	103,378	7,009	7,010
210 Merredin Recreation Centre	641,977		21,885	22,550	620,092	619,427	40,296	39,871
212 Burracoppin Sporting Club S/S	14,219		1,868	1,868	12,351	12,351	784	773
213 Merredin Recreation Centre L2		250,000	0	15,000	250,000	235,000	0	0
Economic Services								
202 Professional Housing (50%)	34,062		13,046	13,046	21,016	21,016	1,783	1,783
204 Staff Housing 56 Kitchener (50%)	28,335		28,335	28,335	0	0	278	86
205 Merredin Medical Centre Renov.	120,575		5,906	5,906	114,669	114,669	6,564	6,563
209 Whitfield Way Res. Land Dev.	227,005		27,208	27,208	199,797	199,797	12,772	12,601
	1,277,446	250,000	185,128	200,792	1,342,318	1,326,654	73,247	72,258

All debenture repayments were financed by general purpose revenue.

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
213 Merredin Recreation Centre Loan 2	250,000	250,000	WATC	Debenture	8	60,458	5.57	250,000	250,000	0

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council held no Unspent Debentures as at 30 June 2010.

(d) Overdraft

Council holds an overdraft facility of \$140,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2009 and 30 June 2010 was nil.

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

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate											
GRV	0.090743	1,338	12,924,098	1,172,771	0	0	1,172,771	1,173,171	0	0	1,173,171
UV	0.010472	467	101,424,902	1,038,545	0	0	1,038,545	1,062,568	0	0	1,062,568
Sub-Totals		1,805	114,349,000	2,211,316		0	2,211,316	2,235,739	0	0	2,235,739
Minimum Rates	Minimum \$										
GRV	390	108	241,802	42,120	0	0	42,120	41,081	0	0	41,081
UV	390	59	874,733	23,010	0	0	23,010	23,360	0	0	23,360
Sub-Totals		167	1,116,535	65,130		0	65,130	64,441	0	0	64,441
Ex-Gratia Rates							2,276,446				2,300,180
Specified Area Rate (refer note 23)							22,167				
							0				
							2,298,613				2,300,180
Discounts (refer note 25)							0				
Totals							2,298,613				2,300,180

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

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

The Shire of Merredin did not levy Specified Area Rates in the 2009/2010 financial year.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

No Service Charges were applicable within the Shire of Merredin for the 2009/2010 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

Photocopy Charges are waived for certain community groups such as the Volunteer Bush Fire Brigades. Council considers its support of such groups necessary for the benefit of the community.

A Rates Incentive Program was in place for the year ended 30 June 2010. Ratepayers paying their rates in full by the due date were entered into the draw to win a prize.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	-	27,236	12,000
Charges on Instalment Plan		30	22,941	8,850
			50,177	20,850

Ratepayers had the option of paying rates in four equal instalments, due on 7th September 2009, 9th November 2009, 11th January 2010 and 12th March 2010. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES

	2010 \$	2009 \$
Governance	49,450	91,544
General Purpose Funding	108,441	0
Law, Order, Public Safety	155,391	149,539
Health	23,594	54,439
Education and Welfare	268	0
Housing	38,965	35,144
Community Amenities	604,977	646,283
Recreation and Culture	533,495	561,312
Transport	89,271	59,235
Economic Services	129,568	120,735
Other Property and Services	315,738	450,960
	<u>2,049,158</u>	<u>2,169,191</u>

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

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

28. GRANT REVENUE	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,185,300	1,316,116
Non-Operating Grants, Subsidies and Contributions	<u>2,150,795</u>	<u>2,894,751</u>
	<u><u>3,336,095</u></u>	<u><u>4,210,867</u></u>
By Program:		
Governance	35,000	4,000
General Purpose Funding	1,738,174	3,103,038
Law, Order, Public Safety	38,934	27,856
Education and Welfare	0	500
Community Amenities	65,931	128
Recreation and Culture	509,834	219,663
Transport	934,342	849,614
Economic Services	<u>13,880</u>	<u>6,068</u>
	<u><u>3,336,095</u></u>	<u><u>4,210,867</u></u>

29. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	36,000	36,000	44,000
President's Allowance	11,252	11,500	10,500
Deputy President's Allowance	2,500	2,500	2,500
Travelling Expenses	0	1,000	339
Councillor Corporate Wardrobe	263	3,000	6,119
	<u>50,015</u>	<u>54,000</u>	<u>63,458</u>

30. EMPLOYEE NUMBERS	2010	2009
The number of full-time equivalent employees at balance date	<u>55</u>	<u>50</u>

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

31. MAJOR LAND TRANSACTIONS

Carrington Way Residential Subdivision

(a) Details

This land was acquired during 2008/09 for residential sub-division. Additional costs were incurred by Council in developing the 20 residential lots. This included the provision of services such as sewerage, power and transport infrastructure.

	2010 \$	2010 Budget \$	2009 \$
(b) Current year transactions			
Operating Revenue			
- Profit on sale	294,297	100,000	117,413
Capital Revenue			
- Sale Proceeds	739,091	200,000	325,453
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	21,154	0	888,367
	21,154	0	888,367
	21,154	0	888,367

The above capital expenditure is included as land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2010.

(c) Expected Future Cash Flows

	2011 \$	Total \$
Cash Outflows		
- Development Costs	0	0
- Loan Repayments	0	0
	0	0
Cash Inflows		
- Loan Proceeds	0	0
- Sale Proceeds	280,000	280,000
	280,000	280,000
Net Cash Flows	280,000	280,000

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

31. MAJOR LAND TRANSACTIONS (Continued)

Whitfield Way Residential Subdivision

(a) Details

The Whitfield Way Residential Subdivision will comprise of the subdivision of the useable portion of land at Lot 1335 Whitfield Way, Merredin into 12 stable (Special Residential) lots between 4,768m² and 6,823m². The subdivision will incorporate the construction of roads, kerbing, drainage, water supply to service the new lots, installation of underground power, installation of telecommunication lines and subsequent sale of the land.

The Business Plan for the subdivision was adopted by Council in February 2010 and is available for inspection. This subdivision is expected to commence from April 2011 and is to be fully funded from the Land Development Reserve with Profits from Sale to be re-invested in the same reserve. It is expected that all blocks will be sold by 30 June 2014.

(b) Expected Future Cash Flows

	2011	2012	2013	2014	Total
	\$	\$	\$	\$	\$
Cash Outflows					
- Development Costs	(520,000)	0	0	0	(520,000)
- Loan Repayments	0	0	0	0	0
	(520,000)				(520,000)
Cash Inflows					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	480,000	220,000	220,000	220,000	1,140,000
	480,000	220,000	220,000	220,000	1,140,000
Net Cash Flows	-40,000	220,000	220,000	220,000	620,000

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

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

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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,991,926	2,856,314	2,991,926	2,856,314
Receivables	653,562	784,758	653,562	784,758
	<u>3,645,488</u>	<u>3,641,072</u>	<u>3,645,488</u>	<u>3,641,072</u>
Financial Liabilities				
Payables	646,157	668,570	646,157	668,570
Borrowings	1,342,318	1,277,446	974,428	1,140,886
	<u>1,988,475</u>	<u>1,946,016</u>	<u>1,620,585</u>	<u>1,809,456</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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	29,919	28,563
- Income Statement	29,919	28,563

Notes:

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

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

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

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:

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	98.78%	94.93%
- Overdue	1.22%	5.07%

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

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>2010</u>					
Payables	646,157	0	0	646,157	646,157
Borrowings	196,545	682,383	963,155	1,842,083	1,342,318
	<u>842,702</u>	<u>682,383</u>	<u>963,155</u>	<u>2,488,240</u>	<u>1,988,475</u>
<u>2009</u>					
Payables	668,570	0	0	668,570	668,570
Borrowings	206,948	582,432	1,108,561	1,897,941	1,277,466
	<u>875,518</u>	<u>582,432</u>	<u>1,108,561</u>	<u>2,566,511</u>	<u>1,946,036</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	0	42,034	0	0	0	1,300,284	1,342,318	5.98%
Weighted Average Effective Interest Rate	0.00%	5.68%	0.00%	0.00%	0.00%	5.99%		
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	41,103	0	68,123	0	0	1,168,220	1,277,446	6.05%
Weighted Average Effective Interest Rate	6.47%	0.00%	5.68%	0.00%	0.00%	6.06%		

29 November 2010

Mr Greg Powell
Chief Executive Officer
Shire of Merredin
Po Box 42
MERREDIN WA 6415

Dear Greg

**AUDIT OF SHIRE OF MERREDIN
FOR THE YEAR ENDED 30 JUNE 2010**

We advise that we have completed the audit of your Shire for the year ended 30th June 2010 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely


GREG GODWIN
PARTNER

Year End Audit 2010 AO1 2010 CEO Letter

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MERREDIN**

Report on the Financial Report

We have audited the accompanying financial reports of the Shire of Merredin, which comprise the statement of financial position as at 30 June 2010 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of the Shire of Merredin is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MERREDIN (continued)**

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 29 November 2010
Perth, WA

29 November 2010

The Shire President
Shire of Merredin
Po Box 42
MERREDIN WA 6415

Dear Cr Hooper

MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2010

We advise that we have completed our audit procedures for the year ended 30th June 2010 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures, or all audit matters of interest to Council, which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions, which, we hope, will be useful to you.

Journal Entries

During our review of journal entries processed throughout the year, we observed there is no evidence to prove that the processed journal entries were reviewed and authorized. Further there is no register maintained to record journal entries processed.

To help ensure all journal entries processed are accurate and appropriate and have been reviewed and authorised, we recommend authorising officers sign and date journal entries. In addition, we recommend a register of journal entries be maintained.

Accumulation of Annual Leave

Annual Leave provided for by the Shire amounts to \$264,052 as at 30 June 2010. A review of leave schedule revealed ten employees have accumulated in excess of 6 weeks which is the maximum acceptable upper limit and of these three employees have accumulated in excess of four years of annual leave entitlement.

We recommend the Shire monitors the accumulation of annual leave to help control staffing and funding issues and to help ensure current leave accumulations are not, wherever possible, paid out at future, potentially higher, pay rates.

Tender Register

Upon review, the tender register did not appear to be up to date in respect of all necessary details. In particular, details concerning the decision to invite tenders and a copy of the notice of the invitation to tender as required by Functions and General Regulation 17(2) had not been completed in all instances and the name of the successful tenderer as required by Functions and General Regulation 17(3) was not updated in certain instances.

We recommend procedures be implemented to help ensure these details are recorded promptly and the register is complete with all necessary requirements.

We noted no other matters we wish to draw to Council's attention.

Corrected and Uncorrected Misstatements

We advise we have informed Shire management that there were no corrected or uncorrected misstatements noted by us during the course of our audit.

We take this opportunity to thank the Chief Executive Officer, Executive Manager Finance and Administration and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully


GREG GODWIN
PARTNER

Year End Audit 2010 AO4