



SHIRE OF DENMARK



2008-2009 ANNUAL REPORT





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SHIRE OF DENMARK

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WELCOME TO DENMARK

Denmark is a very attractive environment and community. It comprises the Valley of the Giants forests, Wilderness National Parks, rivers, ocean, hills and the picturesque Scotsdale Valley.

A mixture of welcoming villages and inviting landscapes, Denmark has many of the highly desirable characteristics of a rural community. It also has a well developed cultural and environmental life that has accrued over many years.

The town of Denmark is located on the Denmark River and Wilson Inlet convenient to the regional centre of Albany, 50 kilometres to the east.

Community visions for economic development encompass a wide range of strategic directions. The most prominent goal however is to foster an increased entrepreneurial culture that consciously plans business and development initiatives within sustainability values, thereby managing a balance of local and externally funded initiatives.

CURRENT STATUS

Population (2006 Census)	4511
Population (1 July 2008)	5167(est.*)
Annual Population Growth Rate	2.8 %(est*)

(* Source - Australian Bureau of Statistics (ABS). The Shire of Denmark provides this information in good faith and recommends that any person relying on this data undertake their own independent research. It is noted that the ABS has historically overstated their population estimates.

Area	- 1842 sq km
Length of Roads	
- Sealed	- 202.18km
- Unsealed	- 689 km
Area of Parks & Reserves	- 1290 sq km
Number of Dwellings	- 2857

Educational Institutions

- Pre-Schools
- Primary Schools
- High School
- College of Agriculture
- TAFE
- Centre for Sustainable Living
- Library

VISION

The Shire of Denmark's long term vision for the Shire comprises:

1. Character and lifestyle sustained through careful planning.



2. A robust economy, based on local resources and skills.
3. A caring, cohesive community.
4. An expanded range of educational services.
5. A very attractive district to visit.

GOALS

1. **ENVIRONMENTAL MANAGEMENT**
To help conserve the natural environment of Denmark and promote its responsible use.
2. **LAND USE AND TOWN PLANNING**
To devise and apply planning instruments which minimise the negative impacts of development.
3. **ECONOMIC DEVELOPMENT**
To encourage economic activities, locally and in the region, which make appropriate use of Denmark's natural and human resources and its primary produce.
4. **SERVICES FOR THE COMMUNITY**
To support the provision of an equitable range of services and facilities.
5. **THE ORGANISATION**
To ensure that Council is able to serve the community efficiently, effectively and fairly.

FREEMAN OF THE SHIRE OF DENMARK

Mr Percy Berridge (17/11/1973)
Mrs Eileen Lunan ((10/2/2006)

2009 AWARD WINNERS

Citizen of the Year Award

Mrs Lynda Halse

Young Citizen of the Year Award

Ms Sofie Lines

Community Group of the Year Award

Denmark Surf Life Saving Club

Senior Sportsperson of the Year

Ms Natalie Burke

Junior Sportsperson of the Year

Mr Tyler Stone

Services to Sport

Mrs Sue Rudd



SHIRE PRESIDENT'S ADDRESS

It is my pleasure to present the Annual Report on the Shire of Denmark's activities for 2008-2009.

Following the October 2009 Municipal Elections, I had the great privilege of being elected as the Shire President of the Denmark Shire and it is a position I embrace with enormous pride and enthusiasm. As a long standing local resident I look forward to confronting the many challenges that will confront the Shire in coming years and with an experienced and knowledgeable team of Councillors I am confident that Denmark will continue to grow and prosper well into the future. I would like to acknowledge the enormous contribution made by Cr Kim Barrow who stood down as Shire President after six years in this position. Cr Barrows' passion for Denmark and leadership has been extremely important in guiding the strong period of growth experienced during his terms as President.

On this note I would like to welcome two new Councillors, Phil Barnes and Dawn Pedro to Council, following their success in the elections. Cr Barnes and Cr Pedro were elected for a four year term to the Town and Scotsdale wards respectively and will be valuable additions to the Council team. On this note I express my appreciation for the contribution of former Councillors Ken Burke and Jeanette Plowman and wish them all the very best for their future endeavours.

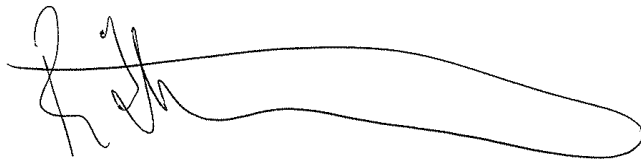
I am pleased to advise that some stability has returned to Council staffing and I would like to thank all staff of the Shire whose dedication and professionalism has ensured that Shire services were not unduly affected by the previous high level of turnover.

Looking forward, the 2009/10 financial year will continue to provide new challenges for Council, with a new Local Planning Strategy which will address the 20 year vision for residential, commercial, industrial land development within the Shire, Community Infrastructure Plan and Strategic Plan all being budgeted for either commencement or completion in the next twelve months. All of these projects will assist in the preparation of a Ten Year Financial Plan for the Shire to ensure our long term financial viability.

In addition to these complex matters, the issue of Structural Reform of the Local Government sector will overshadow many of these activities with the States commitment to the amalgamation of local authorities becoming more apparent by the day. Council believes that Denmark has the factors needed to operate in its own right and will present a strong and united front to ensure that Denmark is not swallowed up into larger regional organisation. That said, Council will always continue to explore opportunities with our neighbours to improve services or reduce costs if a benefit to the Shire and our community can be demonstrated.

One of the great strengths of the Denmark community is the many active and passionate volunteers who serve on community organisations, without these people the enviable lifestyle enjoyed by all residents would not be the same and I pay tribute to all who contribute to our community in this way.

Finally I encourage all residents and electors of the Shire to discuss any issues or concerns that they may have with Council with either staff or elected members, your input is vital to ensure that the services and strategic direction of the Council represents your views.



Cr Ross Thornton
Shire President
SHIRE OF DENMARK



SHIRE OF DENMARK COUNCILLORS CONTACT DETAILS

Name	Contact Details	Photo
Cr Ross Thornton Shire President (Term Expires 2011) Town Ward	PO Box 495 Denmark WA 6333 Ph/Fax: 9840 9260 Email: pamross@bigpond.com.au	
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Cr John Wakka (Term Expires 2011) Scotsdale/Shadforth Ward	646 Harewood Rd Denmark WA 6333 Ph/Fax: 9840 9083 Email: wyrri@wn.com.au	



CHIEF EXECUTIVE OFFICER'S REPORT

It is with pleasure that I provide my second Report to Electors of the Shire of Denmark, after commencing employment with the Shire in October 2007.

In my brief to date, I have been fortunate to receive a high level of support from Councillors and Staff in what has been another busy year for the Shire of Denmark, with continued high levels of growth and many strategic challenges to address.

The following is a summary of major projects and services provided by the Shire over the past year and I would welcome any comment or questions from Electors regarding these issues.

Structural Reform

The decision by the Minister for Local Government to initiate a reform process in Local Government, a debate that has raged for many years, resulted in 142 local governments in Western Australia being required to prepare a Report that examined amalgamation or structural reform options for their Shire and make recommendations to the Minister on whether the Council should amalgamate. The basis of the submission presented by the Shire of Denmark strongly recommended to the Minister that the Shire is financially viable in its current form and provides a high level of services to residents and that there would be no apparent advantages of amalgamating with our neighbours. It was further advised to the Minister that we would be prepared to look at boundary adjustments with Albany and Manjimup, to have the Nullaki Peninsula and Walpole included in the Shire, due to the communities of interest and economic and social relationships that already exist with these areas.

Council is currently awaiting formal response from the Minister, with a decision expected to be received by March 2010. Council will continue to advocate strongly for the Shire to retain its current independence and will keep residents informed of all major developments as they arise.

Staffing

The Shire workforce has been relatively stable over the past twelve months although we were disappointed to lose several members of staff, including Eber Butron, the Director of Planning and Sustainability who has returned to the Gold Coast.

The benefits of this stability are now being realised in the Administration Office as corporate knowledge and experience has increased and our dedicated staff are more familiar with their duties. The Shire is fortunate to have retained many of the long serving and experienced outside crew and I continue to be impressed with the level of commitment and multiskilling that the crew displays. The Shire Library, Recreation Centre, Youth and Cleaning staff also provide a high level of service to residents and other users of Council owned facilities and it is these services offered by the Shire that make a great contribution to the high quality lifestyle enjoyed by residents.

I would like to thank all staff for the commitment they have displayed to their duties and I look forward to working with them all over the next twelve months to achieve the objectives of Council.

2009 Shire of Denmark Community Survey

The 2009 Community Survey was a comprehensive survey of 1000 property owners to ascertain the level of satisfaction with Council's works and services and to gauge community opinion on many issues to be addressed by Council over the coming years.

An excellent response rate of 36.8% was received for the Survey which provided valuable information to Council and staff on what works and services are seen as priorities or requiring improvement and opinion on important community matters such as;

- Community Windfarm
- Wilson Inlet Bar Opening
- Community consultation issues
- Development issues

I would encourage all residents to read the results of the Survey which is available on the Shire website.



Denmark Recreation Centre

The Recreation Centre recorded growth of 27% in attendances for the year 2008/09. Total attendances came to 28,116. The main increase occurred in the Gym and Fitness Classes with a 149% increase from the previous year.

The Centre purchased 6 new pieces of gym equipment – two elliptical machines (replace old step machine), one treadmill (compliments existing machine which is the most used machine in the gym), one knee press, one rower (replace old rower), and one knee raise. Participant response has been favourable and the gym presents in a professional manner.

The Recreation Centre staff operated an information stall out the front of the Co-op building on Saturday morning 7th February. The aim was to promote the gym and fitness classes operating plus the Fitness instructor provided free blood pressure and flexibility testing for the participants.

The Denmark Junior Netball Association operated their programs on Tuesday and Wednesday afternoons after school this year. Previously, these coaching sessions and competitions were held on a Saturday. This has enabled the Centre to fill vacant afternoon programmable time and save on salaries required for staff to work on a Saturday.

The Centre has engaged a personal trainer to operate from the Gym. He is operating 6 sessions per week, 3 early morning (6.30am starts) and 3 afternoon sessions.

New programs started at the Centre:

- Body Tone and Stretch – 3 x new fitness classes, including 2 early morning classes (7am).
- Indoor Soccer competition on a Friday evening (5 teams competed).
- Gymnastics coaching with an accredited instructor on a Friday afternoon (3 classes – 40 participants per week).
- Over 25's Ladies Netball on a Tuesday evening (5 teams competing)
- Birthday Parties - offering families the opportunity to have their birthday party at the Recreation Centre. The Centre provides a dedicated Party room that can be decorated, a party leader, tea and coffee for mums and dads, access to kitchen facilities, a lolly bag for the kids and a variety of themed parties.

The 10th Anniversary of the opening of the Bibbulmun Track was celebrated in Denmark on Sunday 20th July 2008. The Bibbulmun Track Foundation had a group of walkers completing the end to end walk from Albany to Kalamunda. School groups, community members and other organisations met the walkers at the caravan park for the final couple of kilometres into town and then to the Recreation Centre. At the Recreation Centre there was a sausage sizzle and a formal welcoming from the Shire represented by Shire President, Mr Kim Barrow. There was also a band playing and the opportunity to talk to the walkers about their experiences.

The McLean Oval Users Committee has been formed with representatives from each of the oval user groups plus the Manager Recreation Services. The concept behind the committee is to provide a communication tool for the User groups and Shire.

The Centre received a grant for “Stay on Your Feet Week” to run an activity/information day involving a walk followed by information sessions by a physiotherapist and podiatrist and a healthy lunch. This was run on Sunday September 14th and was an enjoyable day. 15 people participated in the walk.

The Manager of Recreation Services has assumed the responsibility of directing the progress of the Club Development Officer shared between the 3 shires of Denmark, Cranbrook and Plantagenet. During the year, the CDO organised and ran an information night for the clubs of Denmark. The theme for the night was “Writing Winning Grant Applications”.

The Shire of Denmark's Sportsperson of the Year Awards for 2008 were held on the 24th March at the Shire Administration Building. The winners were:

- Senior Sportsperson of the year – Natalie Burke (Pony Club)
- Junior Sportsperson of the year – Tyler Stone (Australian Rules Football)
- Service to Sport – Sue Rudd (Netball)



The Denmark Walpole Football Club (extension to existing clubrooms) and Denmark Country Club (4 x new tennis courts) were successful this year in obtaining funding from the Department of Sport & Recreation's CSRFF round.

The final report was submitted by Jill Powell & Associates titled "Denmark Country Club Concept Plan" – this was submitted and accepted at the October Council meeting.

Needs Assessment into a Sustainable Indoor Heated Aquatic Facility – The Project Team accepted the report and the chairman wrote a response supporting all recommendations that was approved by the Project team on the 8th May and accepted by Council.

Denmark Shire Library

The 2008/09 financial year was another successful one for the Denmark Shire Library, highlighted by winning the LG Focus magazine, National Customer Service Award. This award provides due recognition of the excellent service provided by Mrs Robyn Fairclough, Ms Hazel Leslie and Ms Emily McCloy.

This year's statistics shows that total issues have increased considerably, membership have risen slightly, visitors to the library and reference enquires have increased and the amount of Inter Library loans requested also increased significantly and 1296 new items were added to the collection.

This year has proved to be a very productive year with the inclusion of several services, programs and extra collections for adults and children, which are described in greater detail as follows;

Programs and Events.

By offering new and interesting events and programs at the Library we hope to provide enriching opportunities for the community, to raise the profile of the Library, to promote reading and literacy and also encourage members to access to the library resources.

Seniors Book Club

Late last year we started a Book Club for seniors. We now have 12 members who meet with me the first Wednesday of each month to discuss a chosen book. This has been very successful and is a lot of fun. We enjoy talking about the book and then have afternoon tea. It has become quite an important afternoon to some of our members, which is very rewarding.

Living Libraries

Living Libraries is an initiative started in Lismore NSW, which has become a National Strategy for connecting and strengthening communities. This quirky idea of "cataloguing" people as books so they can be "taken out" and "read" began as a way to unite people, break down barriers, reduce prejudices and assist in connecting the community. Books could come from different faiths, diverse cultures, special occupations and lifestyles or have physical or intellectual disabilities.

In association with the Denmark Arts Council we held a Living Library "Book Launch" at the Library during the Brave New Works celebrations in March 2009. So far two of the "books" have been taken out and although this initiative is slow to take off due to the unusual nature of the project – we are still keen to continue promoting it through various events throughout the year.

Author Visit

We were fortunate to be visited by children's author Mark Greenwood in January 2009. Mark was extremely entertaining and his tales of adventure set in Western Australia's past were met with intrigue by the children and adults who attended. Emily and I enjoyed setting up fun displays for Marks visit which set the scene for the event.



Children Services

Our commitment to children services continues with the various activities offered at the Library. By encouraging children to develop a positive attitude to reading at an early age, good language and literacy skills will be fostered therefore allowing children to have the best possible start to their schooling and learning. These programs run by the Library are important as they increase parent's awareness of the value of early intervention for good language and literacy.

Better Beginnings

The Better Beginnings Early Childhood Literacy program, which began in Denmark in late 2005, continues to be highly successful. Families with new babies in the area are contacted soon after their birth and invited to come to the Library to join in Rhymetime and encouraged to join the Library. We have had quite a lot of success with this method of invitation.

I was asked to speak at the Bubs and Bellies Mothers Group in March about Book Sharing and Better Beginnings and was pleased that some young Mums attended and I was able to reinforce the importance of reading, stories and nursery rhymes to them.

The Community Resource Kit which we loan with the aim to encourage literacy in children has been enjoyed by some community groups

A Smart Start

A Smart Start which was launched in August 2008 will build on the Better Beginnings program. The aim of these two programs is to provide parents with information that will assist them in giving their children the best possible start to positive and healthy learning in the crucial early years. This initiative aims to provide access to information and also support to all families with children 0- 4 years old.

Key strategies of A Smart Start include an information folder which is given to the family by the Child Health Nurse at the first home visit. The information folder is added to at regular intervals along with a gift book for the child's birthday until 4 years of age, plus Parent information sessions, and quarterly newsletters providing updated information on any services for children.

Storytime and Rhymetime

We continue to promote reading to children. Our regular Rhymetime and Storytime for babies and preschoolers are still growing in popularity and are an important focus for the Library. These regular story times enhance pre literacy skills and build a love of books and reading in young children while providing the opportunity for parents and caregivers to learn about the importance of reading to children and to socialise.

Our dedicated friend Pat Evans continues to volunteer her time every Monday and Thursday for Rhymetime and Storytime. Pat is much loved by the families who come to this wonderful community program.

Toy Library

The Denmark Community Toy Library has been relocated to the Library due to the fact that the Toy Library had not been managed over the past few years and the toys were not being used. We were fortunate that the space became available when the Healthy Communities project finished and we were able to set up the Toy Library. It was a very big task cataloguing and sorting the toys but now the Toy Library is up and running very smoothly.

Library membership is essential to use the Toy Library and I have found that this has been a very positive step towards inviting people with young children to the Library.

We have recently received a gift of \$2,000 of new toys from Great Foundations and also 2 new storage cupboards. New toys have been purchased with the funding and are ready for loan.

Children's Book Week

Children's Book Week which is held in August each year was celebrated last year with a visit by children's author Dianne Wolfer. The children at the Golden Hill Steiner School, the Denmark Agricultural College and Denmark High School were enthralled by the stories that inspired this popular local author's books. By visiting with Dianne I was given the opportunity to let the children know about their community Library.



Children's Week

During Children's Week in October last year, the second annual Spring Fair was held where Emily and I set up an area for Storytelling and promotion of Better Beginnings and the Library. The State Library's Better Beginnings team provided us with some "preloved" books and additional information to make up packs for the children. The event was very well attended and we had a great time reading with children for three hours and having an opportunity to talk with parents who may not come into the Library. This event was organized by Great Foundations and I see it as a great opportunity for those in the community interested in the welfare of children to get together and consolidate what we all have to offer.

Reading Corner

Recently we were offered an opportunity to set up a Reading Corner in the Library. The Reading Corner, which is an initiative of the Great Southern GP Network is a child friendly space, featuring items such as educational books, toys, shelving, beanbags and play mats which provides a safe and comfortable place for parenting and breast feeding.

We were delighted to be able to offer another service for families in Denmark which will encourage parents to come to the Library and sit and read or play quietly with their children.

Library Stock

This year our stock numbers have increased significantly with the increase of 800 State Library items and 496 local items. Recent additions to our stock include another gift from Great Foundations of \$4,000 for parenting books. A special parenting section has really benefited from this generous donation for which we are very grateful. This special collection is in addition to other collections which include the Women's Health and Information Library, our Young Adult section, a collection of language resources and also a group of Junior Kindergarten books purchased with a donation from the Denmark Community Futures Fund. These books were chosen from a suggested reading list from the Lets Read program.

Library Improvements

The additions of the Toy Library and the Reading Corner have been substantial improvement to the Library this year. We have also made small changes to the Young Adult collection to make this area easier to access and more inviting to teenagers. We are conscious that this is one age group we need to focus upon to encourage more young people to read and be made aware of what the Library has to offer.

Online Databases

Membership to the Library provides access to a range of online subscription resources via the State Library website. Using their library membership card number members can log onto a variety of useful online databases such as Encyclopedia Britannica Online, Health and Wellness Resource Centre, EBSCO Australia/New Zealand Reference Centre, Business Source Elite and Consumer Health Complete (EBSCO provides text coverage of magazines, newspapers, business and medical journals). These databases are not well used and I am aware that I need to promote these resources more efficiently. I have made arrangements with the Denmark High School to show the teachers all that is available.

We are currently looking into investigating the purchase of the OurTutor program which seeks to assist students with their studies online.

Library Blog

Unfortunately our server for our Blog was discontinued and we have recently set up another site on the community portal with the Telecentre.

Traineeship

Emily attended Country Officer Training at the State Library of WA in August 2008. Emily spent 4 days at the State Library learning about the different sections of SLWA, such as the Battye Library and the Music collections and also Public Library Services, and then spent a day at Warnbro Public Library. Emily found this training most valuable.

Emily finished her traineeship in September 2008. Emily completed her studies at a very high standard and the lecturers at TAFE were most complimentary about her results. We were very pleased that Emily became a permanent member of staff as her happy personality and efficient work ethic are a great asset to the Library.



Book Sharing

I attended a Book Sharing workshop in Albany in February. This workshop was presented by Speech Pathologists and was most useful for me to assist me in speaking to parents about the value of sharing books with young children.

Regional Meeting

In May Hazel and I attended the Regional Meeting in Albany. We enjoyed meeting with library staff from around the region and were given updates on the online databases and a general update on procedures. A full program of activities was undertaken during the year, including a visit by renowned children's author Mark Greenwood and the popular storytime, Better Beginnings, Seniors Book Club and Children's Book Week activities.

Library staff are always displaying new stock and topical issues/events and ratepayers should pay the library a visit if they have not done so recently to see for themselves the fantastic service available free of charge to all residents.

The Denmark Youth Centre (Tha House)

Over the 2008/09 financial year, as well as being consistently open and providing a safe, drug and alcohol free space on the Friday and Saturday evenings from 4pm to 10pm for over one hundred of the local young people that access Tha House, the Denmark Youth Centre has had an extensive and varied program over the four sets of school holidays.

This has included six music workshops/ jams with musician Mr. Saz Lockyer, four break dance workshops, numerous healthy cooking workshops, spray can art workshops, a two day mural design workshop, a two day silk screening workshop, a tie dying workshop, Play Station 3 computer game competitions, pool table competitions and a rap recording workshop. All programs were well attended, with approximately fifty (50) different youth accessing the centre during each of these holiday periods. These School holiday programs were funded by the Department for Child Protection, the Department for Communities and Denmark Local Drug Action Group.

In addition to this, The Denmark Youth Centre took a bus of fifteen (15) young people to the Summer Skate Series Albany skate competition on the 24th January, of this group four young people competed in the competition. On the 3rd April, another group of fifteen (15) young people were taken to compete in the first evening skate and BMX competition in Albany, the Denmark youth competed admirably, it was the supportive nature for each other, however, that was noticed by all. This was funded by the Department for Child Protection's Youth Support Service funding.

The Denmark Youth Centre received, approximately \$11, 000 from the Special Program grant through the Office for Youth. The Denmark Youth Centre was opened additionally for three afternoon and evenings for ten weeks, starting 13th October 2008 and two afternoon/evenings for term one of the 2009 school year on Monday, Tuesday and Wednesdays from 3.30pm to 7pm. Over a hundred different young people passed through the centre during this program, many re engaging over the twenty week period.

Mondays theme includes health and lifestyle choices, a health nurse is present during the opening hours and has been assisting and supporting the youth and staff with healthy cooking and health information. Tuesdays had a focus on Art, with varieties of mediums and styles being trialled including sketching, spray can art onto boards and canvass, tie dying t shirts and modelling with clay. Wednesdays had a focus on information technology, study and work groups. This was sponsored by the West Australian Country Health Service, Local Community Partnerships, Great Southern Community Drug Service Team and several local businesses.

The Denmark Youth Centre hosted a small Denmark Youth Fest 09 to celebrate National Youth Week, due to poor weather, the live music, skate and BMX competition were cancelled. The centre remained opened and a focus was then shifted to the Spray Can Art workshop. This was sponsored by the Shire of Denmark, the National Youth Week grant with additional support from Denmark Local Drug Action Group.

The Denmark Skate and BMX competition was held on Saturday the 2nd of May, with the sponsorship of Denmark Local Drug Action Group and the Local Drug Action Group Inc. This event attracted thirty (30) competitors and over two hundred (200) people visiting the event over the day. The event was featured on WIN news, gained front page coverage on the Albany Advertiser, was featured in "The Extra" as well as in the local Denmark Bulletin.



Youth centre staff facilitate two annual Challenge Camps for a total of twenty (20) Denmark High School students, held in Margaret River. These camps are an amazing opportunity for staff to develop rapport with potential youth leaders. Youth and staff participate in challenging activities, assist in developing leadership and support skills and provide support to the young people participating in the abseiling, caving, white water rafting and orienteering activities. This is a joint project between the Shire of Denmark and the Denmark High School and is funded by the Department of Child Protection's Youth Support Service grant.

The youth centre has had a fog machine, mirror ball and a special lighting system fitted in the main room of the centre. These additions have added a new dimension and dynamic to the centre and are being thoroughly enjoyed by the youth of Denmark. This equipment was funded through the Juvenile Justice Team as part of a five thousand dollar grant obtained last financial year.

The Denmark Youth Centre hosted an Open Night on the 26th June, where parents and members of the community were encouraged to have a look at the centre, take part in activities and to enjoy the pizzas created by the young people. Approximately fifty (50) different young people, numerous new parents, four Shire Councilors, the Shire President, the Chief Executive Officer of the Shire, the Director of Community and Regulatory Services and several Shire of Denmark staff, moved through the centre over the evening and assisted in consuming fifteen (15) pizzas.

There have been various visits to the Denmark Youth Centre from other community service providers, agencies and Government Departments over this twelve month period. These visits include representatives from the West Australian Country Health Service, Indigenous Health, Department for Communities - Office for Youth, Local Drug Action Group Inc, Local Community Partnerships, Youth Pathways, Mr. Paul Llewellyn MLC, the Executive Officer of Local Drug Action Group Inc. and the Coordinator of Community Services and Social Sciences of Great Southern TAFE. Miss Sofie Lines, a long term participant of the youth centre was interviewed by ABC Radio on the centre premise about her regional art award.

This year has seen a dramatic increase of youth related, community service and government agencies networked with the Denmark Youth Centre, resulting in an extension of funding opportunities and provision of additional youth services and activities.

Engineering

The Shire works crew, which comprises road works, parks and gardens and refuse workers were again busy in ensuring these vital services continued to meet the expectations of local residents, under the direction of the Director of Infrastructure Services, Mr Rob Whooley, the following major projects were completed;

• Valley of the Giants Road & Carpark	\$367,205
• Lights Rd	\$182,967
• Scotsdale Rd	\$228,908
• Mt Shadforth Rd	\$177,494
• Mitchell St	\$28,295
• Hollings Rd	\$168,890
• Ocean Beach Rd Footpath	\$110,145

Natural Resource Management

The Natural Resource Management (NRM) office has successfully raised grants during 2009 for a number of NRM initiatives to be undertaken for the Shire of Denmark:

- \$20,000 from the Department of Planning ,Western Australian Planning Committee, for the review of the 2003-2008 Shire of Denmark Coastal Management Plan and the preparation of the 2010-2010 Shire of Denmark Coastal Reserves Management Strategy and Action Plan.
- \$13,800 from the South Coast Natural Resource Management Inc regional group for the improvement of access at Black Hole and other on ground works in coastal reserves;
- And \$11,130 for the development of a low impact nature appreciation walk trail at Poison Point, Wilson Inlet.

The NRM officers have actively pursued cooperative engagement with the Denmark Weed Action Group (DWAG) and a local weed contractor to implement priority weeding actions recommended in the Weed Action Strategy. Partnership with the DWAG has enabled additional grant funds to be raised for weeding works in priority conservation reserves.



The NRM officers have continued to support the Shire of Denmark Committees: the Climate Change Advisory Committee and the Paths and Trails Advisory Committee, and representation on the Wilson Inlet Management Advisory Group and the South Coast Management Group.

The NRM officers have continued the educational program with school groups for National Tree Planting day, World Environment Day and Coastcare week.

Ongoing reserve management initiatives include:

- Dieback signage
- Coastal reserve access and recreation facilities improvements
- Weed management
- Progressing “Friends of Reserve” group formation and
- Seeking funding for implementing biodiversity survey work.

Building

The following summary shows total building developments approved within the Shire for the 2008/09 year, with a comparison of previous years for information purposes;

Building Statistics Summary 2008/09

	No of Lic issued 2008/09	No of Lic issued 2007/08	No of Lic issued 2006/07
Single Houses (Incl. Chalets & Relocated Dwellings)	41	48	51
Additions to Single Houses (Incl. Carports)	46	67	65
Outbuildings (Not Rural)	54	76	46
Rural Outbuildings	14	25	19
Commercial & Industrial	19	5	7
Other (Swimming Pool Etc.)	0	13	7
Public Buildings	0	0	4
TOTAL	174	234	199

The above developments represent a total investment value of \$15,422,907, a decrease of \$4,973,304 from the 2007/08 financial year (\$20,396,221).

Health

The following major activities were undertaken by Health staff during the course of 2008/09;

- 39 septic tank approvals were issued
- 20 formal complaints were responded to
- 107 food premises are currently registered
- One illegal slaughter investigation
- Upgrades were performed on the Peaceful Bay water supply including the replacement of the lagoon pumps and the pump shed, maintenance on the electrical switching gear and the installation of flood lamps to illuminate the lagoon.
- Public consultation was undertaken regarding the Peaceful Bay water supply and the customer service charter.
- Major caravan park redevelopment at Ocean Beach

Fire Management

Prevention

The Community Fire Manager completed work on mapping the Strategic Fire Access Routes (SFAR's) within the Shire. Approximately 150 km of SFAR and 42 ha of open area (for slashing) were identified.

Maintenance work was performed on much of the SFAR network to good effect in the lead up to the 2008/09 fire season. Due to limited funding not all SFAR's received annual attention. Heavy maintenance was performed on approximately 7 km, light maintenance was performed on approximately 80 km and 30 hectares of slashing was completed.



Preparedness

The following courses were offered this year with over one hundred volunteers participating

- Intro to Bush Fire Fighting.
- Senior First Aid.
- WAERN Radio Operation.
- Water Bomber Re-loader procedures.

FESA and Council demonstrated a commitment to volunteer firefighter safety with Personal Protective Equipment (PPE) to the value of almost \$10,000 being issued by the Community Fire Manager to Bush Fire Brigades within the Shire.

The FESA/Shire Fleet Replacement Program funded by the Emergency Services Levy replaced the following appliances;

East Denmark 2.4 Urban Tanker
Kordabup/Owingup 2.4 Broadacre
Owingup Light Tanker

Response

Within the Shire of Denmark the following Fires/Incidents were recorded.

- 15 Forest/Scrub/Grass
 - 6 Escape/Assistance with a Control Burn
 - 1 False Alarm
 - 1 Power Pole Fire
 - 1 Structure Fire
- (2 of the above were suspicious and required further investigation)

Emergency Management

The Local Emergency Management Committee (LEMC) has continued to be active with funding obtained through the AWARE Program to review Council's Emergency Management Arrangements in the 2009/10 financial year.

A draft Evacuation Plan has been completed along with compilation of an extensive resource log and the emergency management section of Council's website has been updated.

Law and Order

Dogs, Camping, Litter and Parking Control

Ranger's activity for the 2008/09 year was as follows, with a comparison of previous years for information purposes;

Summary of Infringements Issued

	2008/09	2007/08		2008/09	2007/08
Dog Control			Reserves & Foreshores		
• Dogs Impounded	53	36	• Infringements	4	4
• Cautions	73	108	• Cautions	22	22
• Verbal Warning/Advice	239	204	• Verbal Warnings/Advice	44	44
• Infringements (Fines)	9	12			
Bushfire Control			Parking		
• Infringement	0	6	Infringements	7	6
• Cautions	0	144	Cautions	140	200
• Verbal Warnings/Advice	38	312	Verbal Warnings/Advice	248	434
Litter Control					
• Infringements	0	Nil			
• Verbal Warnings/Advice	13	2			



Town Planning

The Planning Section dealt with a total of 209 planning consent applications during the 2008/09 financial year, which was down from the 291 and 409 in the previous two years, which reflects the general economic downturn associated with the global financial crisis. The applications considered covered a wide variety of developments including:

Town Planning Statistics Summary 2008/09

	No of Lic issued 2008/09	No of Lic issued 2007/08
Single houses and group dwellings	101	133
Outbuildings	68	101
Commercial/Industrial)	20	17
Extractive Industries	4	2
Home holiday	16	20
Signs	6	15
Rural Pursuits	1	3
TOTAL	209	291

The total value for development applications for 2008/09 was **\$35,668,639**

The Town Planning Department had a large number of vacant positions at certain times during 2008/09 and I am pleased to report that these vacancies have now been filled, including the Directors position which will be filled by Mr Sam Williams who will commence in the New Year.

In closing I would like to reiterate my earlier comments and thank all Councillors, Staff and Electors of the Shire for their support, advice and guidance since joining the Shire and I look forward to the year ahead with great optimism and determination to make the Shire of Denmark an even better place to live and visit.



Mr Dale Stewart
Chief Executive Officer
SHIRE OF DENMARK



STATUTORY REPORTING MATTERS

(As prescribed by legislation)

Overview of Plan for the Future

(Local Government Act 1995 Section 5.51 (2) (e))

Section 5.56 of the Local Government Act 1995 requires a Local Government to plan for the future of the district. This requirement replaces the previous Principal Activities Plan.

The Local Government Act states the following in respect to the requirement for Local Governments to prepare a Plan for the Future.

- (1) A local government is to make a plan for the future of its district in respect of the period specified in the plan (being at least 2 financial years).
- (2) A plan for the future of a district is to set out the broad objectives of the local government for the period specified in the plan.
- (3) A local government is to review its current plan for the future of its district every 2 years and may modify the plan, including extending the period the plan is made in respect of.
- (4) A Council is to consider a plan, or modifications, submitted to it and is to determine* whether or not to adopt the plan, or the modifications, as is relevant.
**Absolute majority required.*
- (5) If a plan, or modified plan, is adopted by the Council then the plan or modified plan is to apply to the district for the period of time specified in the plan.
- (6) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a plan for the future of the district, and when preparing any modifications of a plan.
- (7) A plan for the future of a district is to contain a description of the involvement by the electors and ratepayers in the development of the plan, and any modifications of the plan.
- (8) A local government is to ensure that a plan for the future made in accordance with this regulation applies in respect of each financial year after the financial year ending 30 June 2006.

Although the statutory requirement is for a two year plan, the Shire of Denmark adopted a four year plan in 2007 to cover the period 2007 to 2011. In adopting this Plan, Council undertook a series of community meetings which were held at the Tingle Dale Hall, Harewood Brigade Fire Shed and in the Council Chambers. Matters raised at these meetings were predominantly road maintenance and construction issues, footpaths in the urban areas and planning and development issues.

Whilst the Act does not give any direction on what form the Plan for the Future should take, or what information should be included, Council has taken the approach that the Plan should include information, at least by reference, on various areas of Council responsibility, in addition to specific financial information on major expenditure items.

The Plan is required to be reviewed every two years, with Council Staff currently preparing a major review of the existing Plan to include a Ten Year Financial Plan which will ensure that projects contained within the Plan will be affordable for the Council in the long term and allow for a strategic approach to setting the annual Municipal Budget.



Plan for the Future 2007-2011

The existing Plan for the Future has been developed in three sections as follows;

- Strategic Planning Documents
 - All Management Plans, Strategies and Policies adopted over the years, are included by reference.
- Major Capital Expenditure Items
 - The main focus is proposed to be on the upgrading and maintenance of the road network.
- Potential Projects
 - As part of Council's forward planning process, a number of possible future projects are discussed. Whilst these projects are not at the stage of being scheduled, they are commented on in the Plan.

Some of the major projects contained within the Plan that were to be undertaken during the course of 2008/09 were as follows;

- | | |
|--|--------------------|
| - Valley of the Giants Road Reconstruction | Completed |
| - Scotsdale rd Widening and Reconstruction | Completed |
| - Strickland St/ South Coast Hwy Traffic Management Improvements | Completed |
| - Parker Rd Gravel Sheeting | Completed |
| - Hardy St Footpath | Completed |
| - Campbell Rd Footpath | Completed |
| - Ocean Beach Rd Dual Use Path | Completed |
|
 | |
| - Purchase of new Roller for Plant Construction | Completed |
|
 | |
| - Purchase of new Truck | July 2008 delivery |
|
 | |
| - Development of Community Park | Deferred 2009/10 |

National Competition Policy

Clause 7 of the Competition Principles Agreement requires that government business operators have no advantage or disadvantage in comparison with the private sector.

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

The Shire of Denmark had no business activity with a user pays income in excess of \$200,000.

Public Interest Disclosure Act 2003

In accordance with this legislation, procedures have been implemented to facilitate reporting and action on public interest disclosures.

During the 2008/09 reporting period no public interest disclosures were lodged.

Responsible Officer Mr Garry Bird; Director of Finance and Administration

Local Laws

During the reporting year Council did not adopt any new local laws.

Disability Access and Inclusion Plan 2007 to 2011

The Shire of Denmark has adopted its Disability Access and Inclusion Plan to ensure that people with disabilities can access as many facilities, functions and services within the municipality as reasonably practical. Access encompasses not only physical access but also incorporates changing community attitudes that may present barriers to the full inclusion of ALL people in the community.

During the financial year, Council completed an audit of all of its public toilet facilities and identified those in



which access difficulties were being experienced by some community members and has embarked on providing an annual sum within its budget to provide for the progressive upgrade of those facilities so identified. Suitable sound equipment was installed within the Council Chambers to ensure those persons attending Councils meetings each month, hear all proceedings that take place. Staff disability awareness training was provided “in house” to some 21 Shire officers, including 6 from an adjoining Shire, by a qualified, and recently retired from the Disability Services Commission, officer. A beach/water accessible wheelchair was purchased and located at Parry Beach and is made available daily for those persons in need of it at the beach by the Parry Beach Management Committee.

Recordkeeping Plans

During 2004 Council adopted a recordkeeping plan in accordance with the State Records Act 2000. Council considers the keeping of adequate and sufficient records fundamental to the effective and efficient operation of the organization, and its dealings with its residents, staff and external stakeholders. As a consequence Council has adopted a series of policies and procedures that will ensure that council records are captured, stored and retained in accordance with the State Records Act.

Staff have undergone sufficient training to ensure that all appropriate records are captured and retained and that a system is in place to allow the records to be retrieved. The induction manual for all staff also includes directions on recordkeeping requirements, roles and responsibilities.

A major review of Councils Record Keeping Plan, in conjunction with the implementation of an Electronic Records Management System, will be undertaken during 2009/10 and submitted to the State Records Office in accordance with legislative requirements.

Freedom of Information Requests

During the 2008/09 year, Council received one request, with the information being provided to the applicant in full.

Responsible Officer *Mr Garry Bird; Director of Finance and Administration*

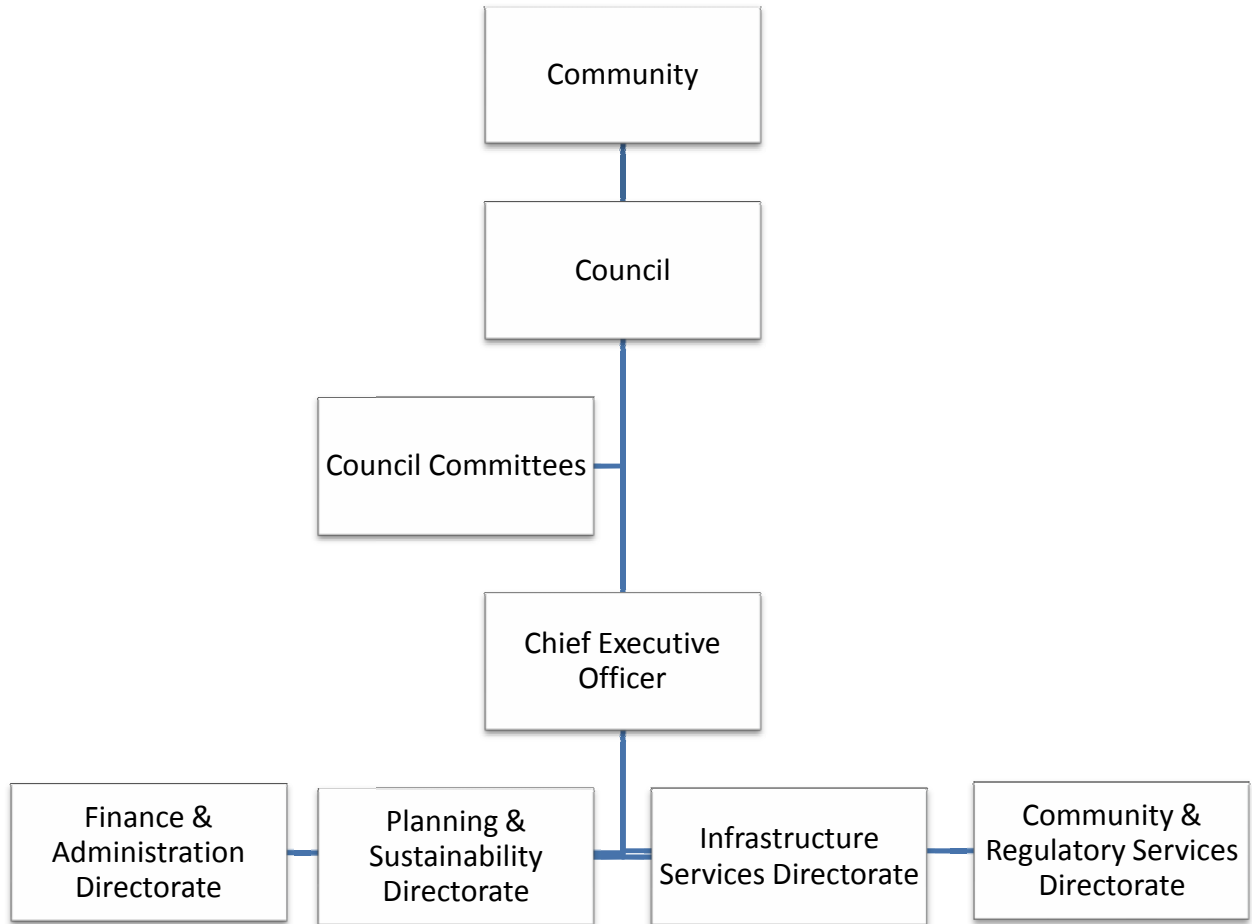
Complaints Lodged Under Provisions of Local Government Act 1995

The Local Government Act was amended during 2007/08, providing for a new complaints system for breaches of the Act by Councillors and Staff. No complaints were lodged under the provisions of the act during 2008/09.

Responsible Officer *Mr Garry Bird; Director of Finance and Administration*



SHIRE OF DENMARK ORGANISATION CHART



Approved by Council July 2009



INDEPENDENT AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF DENMARK

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Denmark, which comprises the balance sheet as at 30 June 2009, and the income statements, statement of changes in equity, cash flow statement, rate setting statement and the notes to and forming part of the financial report for the year ended on that date.

Councils' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion the financial report of the Shire of Denmark 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 of Denmark's financial position as at 30 June 2009 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).

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government (Financial Management) Regulations 1996 (as amended).

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 of Denmark.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit processes were satisfactorily completed in conducting our audit



Russell Harrison, Partner

Lincolns Accountants & Business Advisers

70-74 Frederick Street, Albany WA 6330

Dated this 10th day of December 2009

2008/09 ANNUAL FINANCIAL REPORT EXECUTIVE SUMMARY

The following is a summary of the financial position of the Shire of Denmark as at 30 June 2009. It is designed to present the financial information contained within the Annual Financial Report in an easy to understand format for the benefit of Electors of the Shire.

Economic Outlook and Overall Financial Position

As most would be aware, the national economy has experienced a recovery from the major downturn of the previous twelve months and predictions indicate strong economic outlook for the short to medium term, which will likely result in inflationary pressures over the same period.

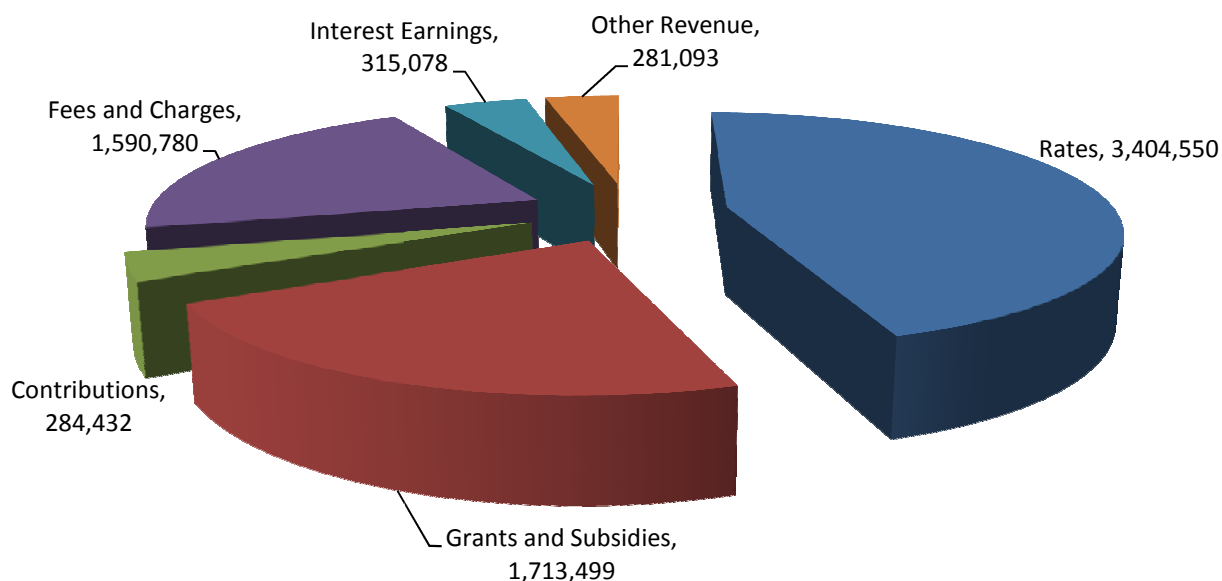
The Shire of Denmark's financial performance in 2008/09 saw an improved net operating result, than that budgeted, due to reduced grant income as a result of several capital works projects not proceeding and minor over expenditure in some areas.

Total municipal cash held by the Shire increased by \$580,143.

Summary of Income and Expenditure

The following graphs are designed to illustrate where the main sources of revenue for the Shire are derived from and where it is spent.

Fig 1 - 2008/09 Operating Income by Nature and Type (\$)



Rates

Rates paid by property owners is the single largest income stream available to the Shire.

The number of properties that comprised the rates base of the Shire increased by 140 properties which represents an increase of 4.0% from the previous financial year. This represents a significant level of growth which is important as it allows the rates burden to be borne by an increased number of owners and reduces the pressure on Council to increase rates on existing owners when determining the annual budget.

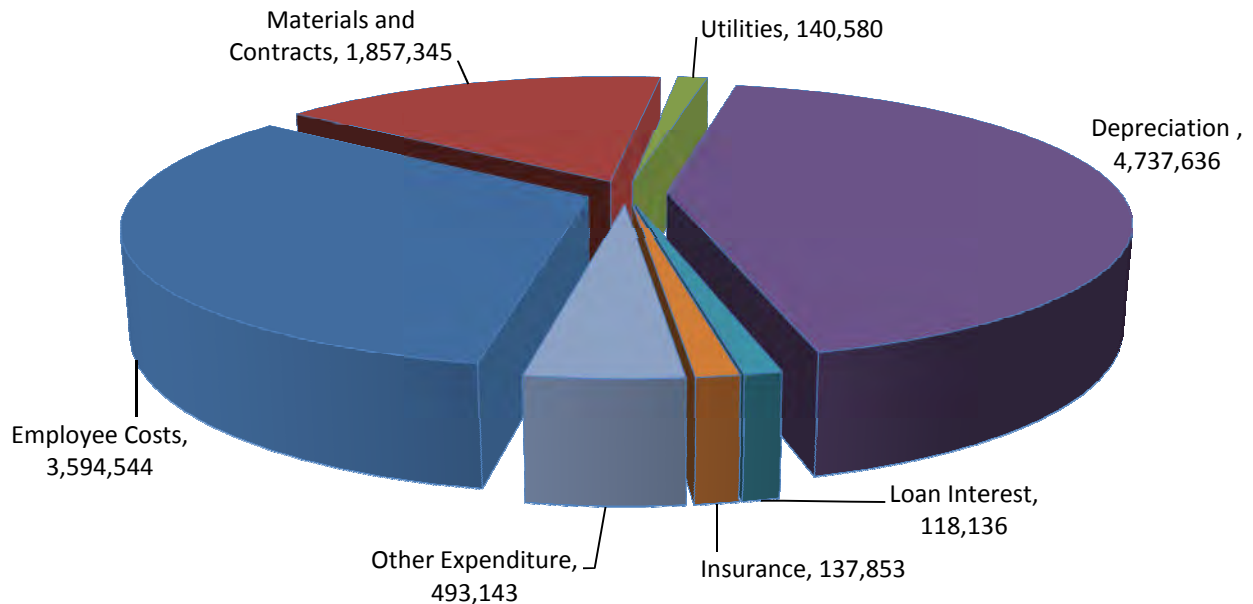
The average rates, excluding all service charges, paid by the owner of a four bedroom and two bathroom residence was \$856.99, up from \$820.10 in the previous year.



Table 1 – Summary of Rates Base History for Shire of Denmark Total Asset Expenditure

	No of Rateable Properties	Total Rates Levied	Ave Residential Rate
2008/09	3,636	\$3,404,550	\$856.99
2007/08	3,496	\$3,241,758	\$820.10
2006/07	3,387	\$3,037,249	\$784.78

Fig 2 - 2008/09 Operating Expenditure by Nature and Type (\$)



Loans

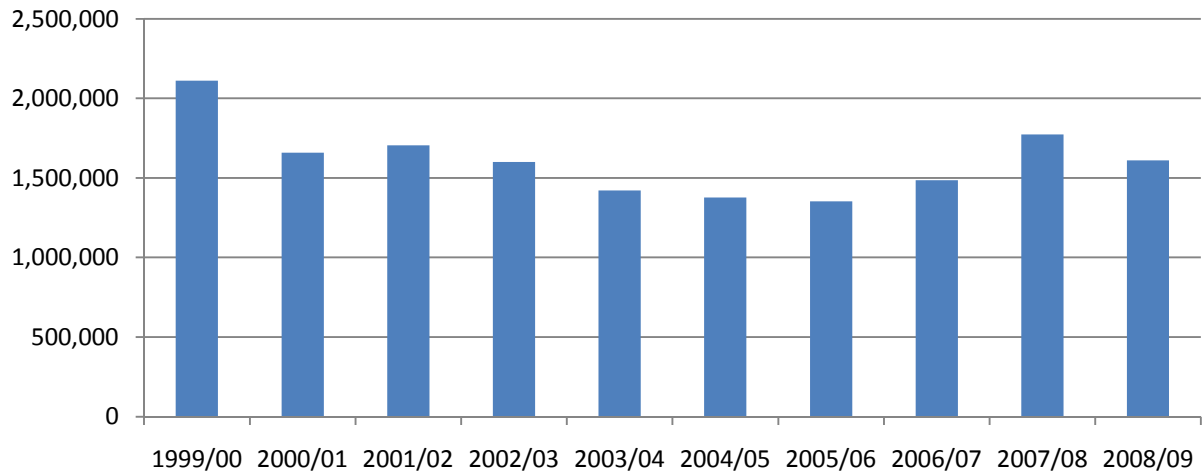
One new loan was undertaken by Council during 2008/09 to assist the Denmark Bowling Club Inc complete the redevelopment of the bowling greens, for which the funds will be repaid at the interest rate of 5.15% over the next ten years.

After principal repayments were made on existing loans and taking into account the new loans, Councils total debt position was \$1,610,619.

A summary of total debt outstanding for the past ten years is as follows;



Fig 3 – Summary of Total Debt Outstanding (\$)

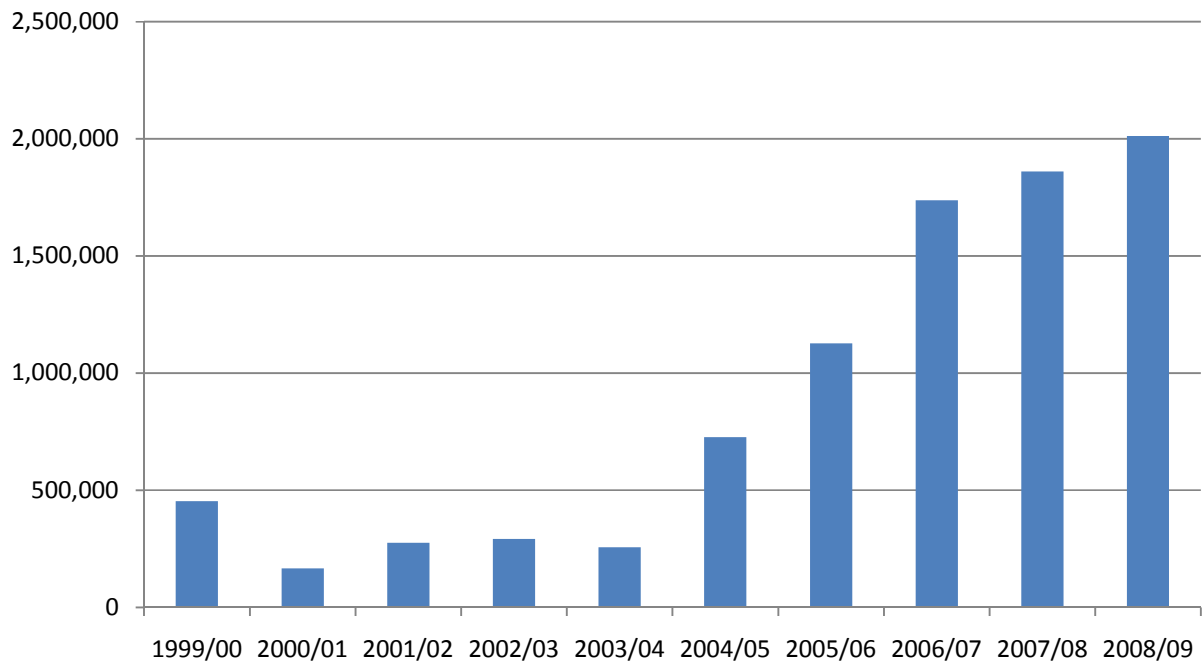


Reserves

The Shire of Denmark increased total Reserve Funds held by \$356,337. This increase is important as it is the view of Council and Staff that some of these Reserve Funds, namely the Plant Replacement and Waste Management Reserves, are underfunded to finance future expenditures. A strategy to address this situation is to be implemented with the preparation and adoption of a Ten Year Financial Plan for the Shire.

A summary of Reserve Fund balances for the past ten years is as follows;

Fig 4 – Summary of Total Reserve Funds (\$)

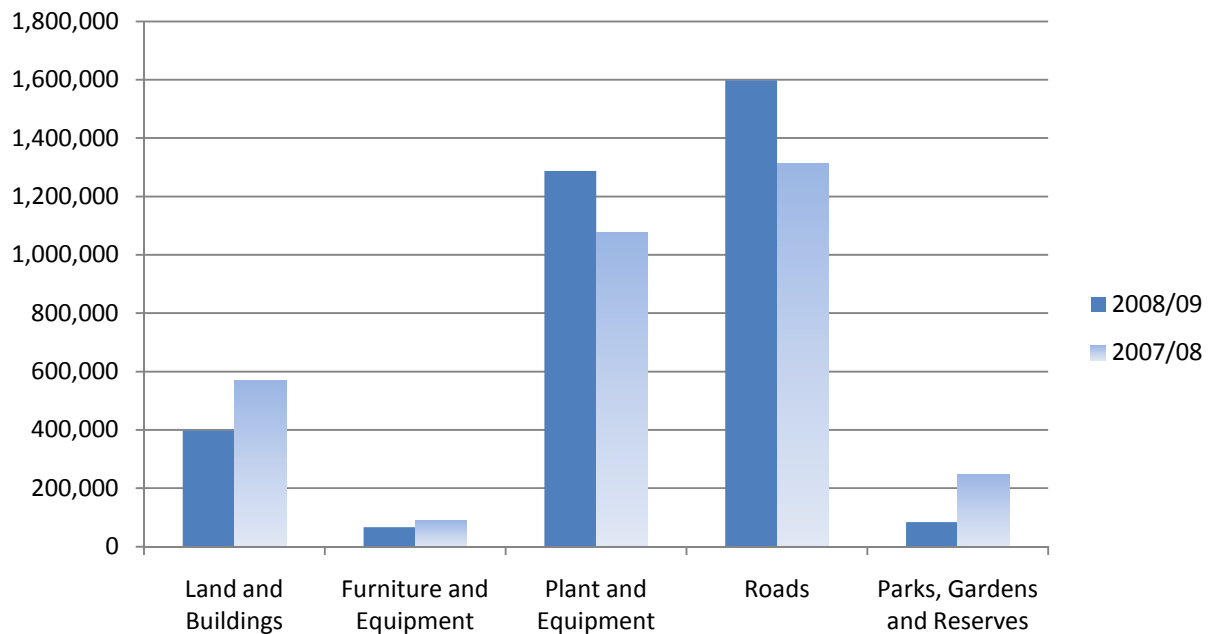


Capital Expenditure

Expenditure on capital works and purchases for the 2008/09 year is as follows for the individual classes of assets, with a comparison for the previous financial year for information purposes;



Fig 5 – Summary of Total Asset Expenditure (\$)



Key Financial Indicators (Financial Ratio's)

The Local Government act provides for the following Financial Ratios to be prepared in the Annual Financial Statement for each financial year. These represent key financial indicators for Council with benchmark levels set for the Local Government sector as a whole. An analysis of Council's performance in this regard is provided as follows;

Table 2 – Summary of Total Asset Expenditure (\$)

Financial Ratio's	2008-2009	2007-2008	2006/2007	2005/2006
Current Ratio	205%	221%	191%	216%
Untied Cash to Trade Creditors	49%	72%	131%	79%
Debt Ratio	5%	6%	6%	5%
Debt Service Ratio	5%	4%	5%	5%
Gross Debt to Revenue Ratio	21%	27%	22%	21%
Gross Debt to Economically Realisable Assets Ratio	1%	10%	9%	9%
Rate Coverage Ratio	47%	51%	44%	44%
Outstanding Rates Ratio	4%	4%	4%	3%

Current Ratio

The Current Ratio is a measure of short term liquidity, which is the ability of the Council to meet its liabilities as and when they fall due and payable. It is considered to be a useful indicator of the true financial position of the Council, particularly for the short term (12 month period).

As a general rule, when the Current Ratio of a Council is calculated at less than 100%, it indicates a short term funding issue, although such an assessment needs to be made in the context of the overall financial position of the Council.

Untied Cash to Trade Creditors

This ratio provides an indication of the ability of Council to pay trade creditors in accordance with normal trading terms and conditions, using unrestricted funds of the Council. A ratio of less than 100% indicates a Council has insufficient cash to pay its trade creditors.



The Shire of Denmark Untied Cash to Trade Creditors Ratio is less than the recommended 100%, predominantly due to the large amount of unspent grants retained by Council at the end of the financial year. This adversely affects this ratio as these grant funds are unlikely to have to be repaid and relate more to future works than short term liabilities.

Debt Ratio

The Debt Ratio measures the Council's liabilities as a percentage of its total assets. Generally the lower percentage, the greater the capacity of Council to borrow against these assets. Due to Council having to value the infrastructure assets of the Council (which have no realisable value on the open market) this ratio is considered to be irrelevant to the operations of Local Government, despite being required by legislation. The Gross Debt to Economically Realisable Assets Ratio is a far more accurate guide for the Council and general public to use.

Debt Service Ratio

This ratio represents Council's ability to service debt out of uncommitted and available general purpose funds. It is generally accepted that debt management for Council becomes an issue when the ratio exceeds 10%, although it can be considered satisfactory up to 15%, provided total rate revenue is a considerable portion of available operating revenue or there is a large component of self supporting loans.

Both of these situations are relevant to the Shire of Denmark, which has a ratio of 5% which implies that Council has some borrowing capacity available in future budgets.

Gross Debt to Revenue Ratio

This ratio measures Council's ability to meet gross debt obligations with revenue to be received in any given year. Again, the lower the percentage the better although it should be remembered that most of Council's debt is over a long term period and as such this ratio illustrates the ability of the Council to meet its future obligations.

The ratio needs to be taken in the context of the time frame for repayment of all loans and it is the view of senior staff that this ratio is acceptable for the Shire of Denmark.

Gross Debt to Economically Realisable Assets Ratio

This newly introduced ratio relates actual borrowings to tangible assets of the Council, or the value of assets that would need to be disposed of to meet debt obligations in the event such action was required.

The ratio also quantifies a Council's reliance on borrowings to fund new projects and provides a reliable indication or capacity in this regard.

The lower the ratio, the better placed a Council is to meet such obligations. As a guide a ratio of 30% is considered to be a strong position, with the Shire of Denmark placed well below this benchmark level.

Rate Coverage Ratio

The rates coverage ratio measures a Council's dependence on rates revenue to fund operations. The higher the ratio, the higher the dependency on rates income and the lower the reliance on other external funding sources such as government grants. Councils with a high rate coverage ratio are better equipped to meet unforeseen circumstances and have greater flexibility when determining municipal budgets.

The challenge every local authority faces is how to improve this ratio when in general government grants and other major income sources are reducing.

Outstanding Rates Ratio

The Outstanding rates Ratio assist in determining the effectiveness of Council's rate collection policies and procedures. It is recommended that this ratio be below 5%, which the Shire of Denmark has been able to achieve without an active policy on collecting outstanding debts. A Policy on collection of outstanding debts has since been presented to Council and adopted.

Summary

Although there are financial challenges ahead for the Shire of Denmark, particularly to provide for the long term replacement of Council's infrastructure (roads, footpaths etc), the Shire is generally well placed to meet these challenges due to the expected continued population growth and relatively sound financial position of the Shire.



The Annual Financial Statement is a complex document and I would welcome any comment or questions from ratepayers and residents regarding any of the information contained therein or on the general financial management of the Shire.



Mr Garry Bird
Director of Finance and Administration
SHIRE OF DENMARK



SHIRE OF DENMARK'S PREFERRED CONSULTANTS, ADVISORS AND AGENTS

Solicitors

Mcleods Barristers and Lawyers
Stirling Law Chambers
220-222 Stirling Highway
Claremont WA 6010

Auditors

Lincolns Chartered Accountants
PO Box 494
Albany WA 6330

Banking Services

National Australia Bank Ltd
59 Strickland St
Denmark WA 6333

Debt Collection Agents

Austral Mercantile Collections
Level 12, 256 Adelaide Terrace
Perth WA 6000

Insurance Broking

Local Government Insurance Services
PO Box 1003
West Perth WA 6872

Taxation and Accounting

WALGA Tax Service/UHY Haines Norton Chartered Accountants
15 Altona St
West Perth WA 6872

Human Resources Consultancy

WALGA – Workplace Solutions
15 Altona St
West Perth WA 6872



APPENDIX A

2008/09

ANNUAL FINANCIAL REPORT



SHIRE OF DENMARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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SHIRE OF DENMARK

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Denmark being the annual financial report and other information for the financial year ended 30th June 2009 are in my opinion properly drawn up to present fairly the financial position of the Shire of Denmark at 30th June 2009 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 regulations under that Act.

Signed on the 8 day of December 2009



Dale Stewart
Chief Executive Officer

**SHIRE OF DENMARK
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	3,404,550	3,416,043	3,241,758
Operating Grants and Subsidies	28	1,713,499	1,465,461	1,192,171
Contributions, Reimbursements & Donations		284,432	132,189	218,997
Fees and Charges	27	1,590,780	1,407,419	1,191,683
Service Charges	24	0	0	0
Interest Earnings	2(a)	315,078	391,200	366,882
Other Revenue		281,093	217,580	335,115
		<u>7,589,432</u>	<u>7,029,892</u>	<u>6,546,606</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(3,594,544)	(3,702,900)	(3,306,730)
Materials and Contracts		(1,857,345)	(1,229,032)	(1,380,425)
Utility Charges		(140,580)	(150,200)	(132,781)
Depreciation on Non-Current Assets	2(a)	(4,737,636)	(4,614,607)	(4,610,025)
Interest Expenses	2(a)	(118,136)	(129,050)	(106,089)
Insurance Expenses		(137,853)	(133,824)	(128,486)
Other Expenditure		(493,143)	(965,677)	(484,438)
		<u>(11,079,237)</u>	<u>(10,925,290)</u>	<u>(10,148,972)</u>
		(3,489,806)	(3,895,398)	(3,602,366)
Non-Operating Grants, Subsidies and Contributions	28	3,037,843	2,347,324	1,238,432
Profit on Asset Disposals	20	129,403	8,230	67,108
Loss on Asset Disposal	20	(102,271)	(36,622)	(11,385)
NET RESULT		<u>(424,831)</u>	<u>(1,576,465)</u>	<u>(2,308,210)</u>

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

**SHIRE OF DENMARK
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		97,915	83,507	158,689
General Purpose Funding		4,856,492	4,587,222	4,282,150
Law, Order, Public Safety		892,004	1,061,844	386,384
Health		62,054	63,699	92,472
Education and Welfare		56,924	58,420	131,358
Housing		17,960	18,469	19,013
Community Amenities		1,185,622	977,255	953,893
Recreation and Culture		317,020	631,468	403,611
Transport		2,609,333	1,284,991	890,766
Economic Services		489,060	458,069	256,506
Other Property and Services		172,293	160,504	277,306
	2 (a)	<u>10,756,678</u>	<u>9,385,447</u>	<u>7,852,147</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(516,187)	(527,407)	(374,044)
General Purpose Funding		(320,216)	(311,235)	(340,284)
Law, Order, Public Safety		(803,785)	(708,402)	(547,792)
Health		(219,897)	(220,105)	(229,595)
Education and Welfare		(138,313)	(183,800)	(135,151)
Housing		(0)	(18,469)	(0)
Community Amenities		(2,007,722)	(2,012,454)	(1,684,303)
Recreation & Culture		(1,309,148)	(1,258,465)	(1,184,232)
Transport		(5,063,262)	(4,870,482)	(4,794,056)
Economic Services		(574,410)	(583,945)	(601,479)
Other Property and Services		(110,435)	(138,098)	(163,334)
		<u>(11,063,373)</u>	<u>(10,832,862)</u>	<u>(10,054,268)</u>
BORROWING COSTS EXPENSE				
Governance		(24,572)	(25,414)	(27,458)
Education and Welfare		(4,980)	(5,229)	(1,439)
Housing		(17,960)	(18,469)	(19,013)
Community Amenities		(1,419)	(4,711)	(2,190)
Recreation & Culture		(24,423)	(26,294)	(17,139)
Economic Services		(23,174)	(26,528)	(24,350)
Other Property and Services		(21,607)	(22,405)	(14,500)
		<u>(118,136)</u>	<u>(129,050)</u>	<u>(106,089)</u>
NET RESULT		<u>(424,831)</u>	<u>(1,576,465)</u>	<u>(2,308,210)</u>

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

**SHIRE OF DENMARK
BALANCE SHEET
AS AT 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	4,428,333	3,848,190
Trade and Other Receivables	4	592,025	933,114
Inventories	5	97,297	141,427
TOTAL CURRENT ASSETS		<u>5,117,655</u>	<u>4,922,731</u>
NON-CURRENT ASSETS			
Other Receivables	4	442,353	388,963
Inventories	5	4,739	4,739
Property, Plant and Equipment	6	12,280,765	11,692,911
Infrastructure	7	54,466,524	56,619,696
TOTAL NON-CURRENT ASSETS		<u>67,194,381</u>	<u>68,706,308</u>
TOTAL ASSETS		<u>72,312,036</u>	<u>73,629,039</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,486,974	2,283,663
Long Term Borrowings	9	264,000	241,545
Provisions	10	395,656	337,767
TOTAL CURRENT LIABILITIES		<u>2,146,630</u>	<u>2,862,976</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,346,619	1,530,619
Deferred Liabilities	9	106,700	106,700
Provisions	10	87,355	79,181
TOTAL NON-CURRENT LIABILITIES		<u>1,540,674</u>	<u>1,716,500</u>
TOTAL LIABILITIES		<u>3,687,303</u>	<u>4,579,475</u>
NET ASSETS		<u>68,624,732</u>	<u>69,049,564</u>
EQUITY			
Retained Surplus		12,733,574	13,309,944
Reserves - Cash Backed	11	2,011,957	1,860,419
Reserves - Asset Revaluation	12	53,879,201	53,879,201
TOTAL EQUITY		<u>68,624,732</u>	<u>69,049,564</u>

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

**SHIRE OF DENMARK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		13,309,944	15,741,708
Net Result		(424,831)	(2,308,210)
Transfer from/(to) Reserves		(151,538)	(123,554)
Balance as at 30 June 2009		<u>12,733,574</u>	<u>13,309,944</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		1,860,419	1,736,865
Amount Transferred (to)/from Retained Surplus		151,538	123,554
Balance as at 30 June 2009	11	<u>2,011,957</u>	<u>1,860,419</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		53,879,201	53,879,201
Revaluation Increment			
Revaluation Decrement			
Balance as at 30 June 2009	12	<u>53,879,201</u>	<u>53,879,201</u>
TOTAL EQUITY		<u><u>68,624,732</u></u>	<u><u>69,049,564</u></u>

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

**SHIRE OF DENMARK
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,388,793	3,416,043	3,226,759
Operating Grants and Subsidies		742,558	1,465,461	2,513,642
Contributions, Reimbursements & Donations		284,432	132,187	218,997
Fees and Charges		1,585,087	1,407,419	1,309,107
Service Charges		0	0	0
Interest Earnings		315,078	391,200	366,882
Goods and Services Tax		1,233	0	0
Other Revenue		280,793	283,104	335,116
		<u>6,597,974</u>	<u>7,095,414</u>	<u>7,970,503</u>
Payments				
Employee Costs		(3,519,789)	(3,702,900)	(3,356,446)
Materials and Contracts		(1,368,468)	(1,229,032)	(1,197,712)
Utility Charges		(140,580)	(150,200)	(132,781)
Insurance Expenses		(137,853)	(129,050)	(128,486)
Interest expenses		(119,378)	(133,824)	(106,089)
Goods and Services Tax		0	0	0
Other Expenditure		(493,143)	(423,864)	(484,434)
		<u>(5,779,211)</u>	<u>(5,768,870)</u>	<u>(5,405,948)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>818,763</u>	<u>1,326,544</u>	<u>2,564,555</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(1,752,829)	(2,716,855)	(1,733,394)
Payments for Construction of Infrastructure		(1,682,141)	(2,018,437)	(1,561,826)
Advances to Community Groups		0	0	(85,000)
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		3,037,843	2,347,324	0
Proceeds from Sale of Plant & Equipment		300,184	213,000	280,637
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(96,943)</u>	<u>(2,174,968)</u>	<u>(3,099,583)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(241,545)	(244,045)	(162,192)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		19,868	22,368	12,768
Proceeds from New Debentures		80,000	630,000	449,000
		<u>80,000</u>	<u>630,000</u>	<u>449,000</u>
Net Cash Provided By (Used In) Financing Activities		<u>(141,677)</u>	408,323	299,576
Net Increase (Decrease) in Cash Held		580,143	(440,101)	(235,452)
Cash at Beginning of Year		3,848,190	4,148,992	4,083,642
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>4,428,333</u></u>	<u><u>3,708,891</u></u>	<u><u>3,848,190</u></u>

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

**SHIRE OF DENMARK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$
REVENUES			
Governance		97,915	83,507
General Purpose Funding		1,440,449	1,151,179
Law, Order, Public Safety		892,004	1,061,844
Health		62,054	63,699
Education and Welfare		56,924	58,420
Housing		17,960	18,469
Community Amenities		1,309,590	977,255
Recreation and Culture		317,020	631,468
Transport		2,609,333	1,284,991
Economic Services		489,060	458,069
Other Property and Services		172,293	160,504
		<u>7,464,603</u>	<u>5,949,404</u>
EXPENSES			
Governance		(516,187)	(552,821)
General Purpose Funding		(320,216)	(311,235)
Law, Order, Public Safety		(803,785)	(708,402)
Health		(219,897)	(220,105)
Education and Welfare		(138,313)	(189,029)
Housing		(17,960)	(18,469)
Community Amenities		(2,007,722)	(2,035,634)
Recreation & Culture		(1,309,148)	(1,284,758)
Transport		(5,063,262)	(4,870,482)
Economic Services		(574,410)	(610,473)
Other Property and Services		(110,435)	(160,503)
		<u>(11,081,333)</u>	<u>(10,961,912)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	20	(27,132)	28,392
Movement in Accrued Interest		25,460	25,096
Movement in Deferred Pensioner Rates (Non-Current)		6,092	0
Movement in Accrued Salaries and Wages		51,066	0
Movement in Employee Benefit Provisions		34,702	0
Depreciation and Amortisation on Assets	2a	4,737,636	4,614,607
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(398,327)	(872,394)
Purchase Infrastructure Assets - Roads		(1,682,141)	(2,018,437)
Purchase Plant and Equipment		(1,287,248)	(1,754,561)
Purchase Furniture and Equipment		(67,254)	(89,900)
Purchase of Investments		0	0
Proceeds from Disposal of Investments		0	0
Proceeds from Disposal of Assets	20	300,184	213,000
Repayment of Debentures	22a	(241,545)	(244,045)
Proceeds from New Debentures	22	80,000	630,000
Self-Supporting Loan Principal Income		19,868	22,368
Transfers to Reserves (Restricted Assets)	12	(367,538)	(176,200)
Transfers from Reserves (Restricted Assets)	12	216,000	441,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		315,425	820,358
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,503,067	42,818
Amount Required to be Raised from Rates	22	<u>(3,404,550)</u>	<u>(3,416,043)</u>

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet 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 balance sheet.

(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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 Income Statement 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 reporting date.

Land under Roads

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

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

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

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

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

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

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	10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and major re-surfacing	
- 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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 reporting 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 balance sheet.

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 reporting 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 income statement. 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 income statement as gains and losses from investment securities.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 income statement 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 income statement 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 income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(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 the balance sheet 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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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 the balance sheet 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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 Balance Sheet and Income Statement. 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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations

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 2009.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(ii) Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] Interpretation 1 & 12]	June 2007 and April 2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB101.	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council.
(v) AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	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 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	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 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
	AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
	AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	
	AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2008	1 January 2009	

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	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 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
	Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
	Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	

Notes:

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

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES	2009	2008
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	16,000	15,600
- Other Services		
Depreciation		
Buildings	255,216	242,159
Furniture and Equipment	86,993	69,488
Plant and Equipment	560,114	510,854
Tools	0	0
Infrastructure	3,835,314	3,787,525
Drainage		0
	<u>4,737,636</u>	<u>4,610,025</u>
Interest Expenses		
Finance Lease Charges		
Debentures (<i>refer Note 21(a)</i>)	118,136	106,089
	<u>118,136</u>	<u>106,089</u>
Rental Charges		
- Operating Leases	0	0
	<u>0</u>	<u>0</u>
(ii) Crediting as Revenue:		
	2009	2009
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	116,573	106,200
- Other Funds	152,943	234,910
- Self Supporting Loans	29,635	30,090
Other Interest Revenue (<i>refer note 26</i>)	15,927	16,200
	<u>315,078</u>	<u>391,200</u>
	<u>315,078</u>	<u>366,882</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

Shire Mission Statement

"Harmonious community and a great environment in which to live."

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

GOVERNANCE

Administration of facilities and services to members of council. Other general administration costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and other financial matters.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws and by-laws relating to fire prevention including brigades, animal control and the State Emergency Services.

HEALTH

Water and food quality, effluent disposal and compliance control on business premises catering for the large tourism trade and domestic residences.

EDUCATION AND WELFARE

Provision of educational scholarships and the operation of the Denmark Youth Centre including youth officers to supervise programs

COMMUNITY AMENITIES

Refuse and recycling collection services including the operation of refuse sites, administration of the Town Planning Scheme, maintenance of cemeteries and public ablution facilities.

RECREATION AND CULTURE

Maintenance and operation of Halls, Civic Centre, library, Recreation centre and various parks and gardens.

TRANSPORT

Construction and maintenance of roads and streets including drainage, footpaths, parking facilities, regulatory signs, street cleaning and lighting. Maintenance of Works Depot and Council plant.

BUILDING & ECONOMIC SERVICES

The regulation and provision of tourism facilities including the Parry Beach camping grounds, area promotion, building control, sale yard facilities, noxious weed and pest control.

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

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

	2009	2008
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).	808,817	0
	<u>808,817</u>	<u>0</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.	1,434,191	808,817
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.	(669,817)	0
Closing balances of unexpended grants	<u><u>1,573,191</u></u>	<u><u>808,817</u></u>

Comprises:

Grants which were received and included in the cash at bank but were not recognised as income as they have not been expended. These Grants have been recognised as restricted cash. The Grants will be utilised during 2009/10 and recognised as part of the surplus being carried forward.

	2009	2008
	\$	\$
(ii) Unspent Grants		
Bridge improvements	106,000	106,000
Roadwise	1,000	800
Royalties for Regions	1,076,771	0
RLCIP Program	100,000	0
Grants Commission Prepayment	257,420	0
Mentoring Program	0	630
Community Safety & Crime Prevention Plan	2,000	3,468
Emergency Management	0	37,600
Healthway Community Project	0	36,465
Roads to Recovery	0	165,354
Flood Plain Mapping	0	35,000
Constructed Wetlands	0	3,500
DEC - Valley of Giants Road	0	420,000
	<u><u>1,543,191</u></u>	<u><u>808,817</u></u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	308,177	134,713
Restricted	<u>4,120,156</u>	<u>3,713,477</u>
	<u><u>4,428,333</u></u>	<u><u>3,848,190</u></u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	344,507	324,665
Plant Reserve	169,164	159,425
Parry Inlet Reserve	107,094	100,924
Cemetery Reserve	24,608	23,191
Lime Quarry Rehabilitation Reserve	26,276	24,764
Land and Building Reserve	1,075,064	1,216,713
Centenary Celebrations	31,875	10,738
Refuse Site Development Reserve	233,369	0
Restricted Creditors (i)	544,518	1,024,405
Unspent Grants (ii)	1,543,191	808,817
Income Received in Advance (iii)	20,489	19,837
	<u>4,120,156</u>	<u>3,713,478</u>

(i) Restricted Creditors

Civic Centre / Rec Centre Bonds	5,260	5,235
Bus Hire Bond	2,400	1,960
Tree Planting Bond	4,150	4,150
Firebreak Bond	3,225	3,225
Footpaths Deposits	0	400
Relocated Dwelling Deposit	24,500	24,500
Outstanding Roadworks	62,821	232,422
Prepaid Private Works	0	4,455
Liberty Swing Donation	500	0
Contributions in lieu of Parking	24,373	54,373
Contributions to Roadworks	182,364	182,364
Contributions in lieu of Public Open Space	0	271,680
Extractive Industry Bonds	3,410	3,410
Retention on Works	221,147	217,978
WIMAG Operations	<u>10,368</u>	<u>18,252</u>
	<u>544,518</u>	<u>1,024,405</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
(ii) Unspent Grants		
Bridge improvements	106,000	106,000
Roadwise	1,000	800
Royalties for Regions	1,076,771	0
RLCIP Program	100,000	0
Grants Commission Prepayment	257,420	0
Community Safety & Crime Prevention Plan	2,000	3,468
Mentoring Program	0	630
Emergency Management	0	37,600
Healthway Community Project	0	36,465
Roads to Recovery	0	165,354
Flood Plain Mapping	0	35,000
Constructed Wetlands	0	3,500
DEC - Valley of Giants Road	0	420,000
	<u>1,543,191</u>	<u>808,817</u>
	2009	2008
	\$	\$
(iii) Income Received in Advance		
Rates assessments	1,889	19,837
Energy Emissions Data Management	8,600	0
Wilson Inlet Improvements	10,000	0
	<u>20,489</u>	<u>19,837</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	115,666	106,002
Sundry Debtors	413,992	778,626
Prepayments	529	529
Work in Progress	0	0
Accrued Income	14,947	17,690
GST	19,190	0
Loans - Clubs/Institutions	27,701	19,868
Land Held for Resale - Cost	0	10,400
	<u>592,025</u>	<u>933,114</u>
Non-Current		
Sundry Debtors	22,006	27,006
Rates Outstanding - Pensioners	28,288	22,196
Loans - Clubs/Institutions	392,059	339,761
	<u>442,353</u>	<u>388,963</u>
5. INVENTORIES		
Current		
Fuel and Oils	20,569	9,641
Materials	76,728	131,786
	<u>97,297</u>	<u>141,427</u>
Non-Current		
Local Govt House Units	4,639	4,639
Denmark Co-op Shares	100	100
	<u>4,739</u>	<u>4,739</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	10,171,225	9,793,815
Less Accumulated Depreciation	<u>(1,939,642)</u>	<u>(1,656,270)</u>
	8,231,583	8,137,545
Furniture and Equipment - Cost	862,059	684,775
Less Accumulated Depreciation	<u>(643,303)</u>	<u>(482,269)</u>
	218,756	202,506
Plant and Equipment - Cost	6,645,523	5,976,332
Less Accumulated Depreciation	<u>(2,815,096)</u>	<u>(2,623,472)</u>
	3,830,427	3,352,860
Tools	13,528	13,528
Less Accumulated Depreciation	<u>(13,528)</u>	<u>(13,528)</u>
	0	0
	<u>12,280,765</u>	<u>11,692,911</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 \$	Tools \$	Total \$
Balance as at 1 July 2008	8,137,545	202,506	3,352,860	0	11,692,911
Additions	398,327	67,254	1,287,248		1,752,829
(Disposals)	(59,472)	(15,183)	(485,333)		(559,988)
Depreciation on Disposals	0	15,105	271,830		286,935
Revaluation - Increments	0	0			0
- (Decrements)	0	0			0
Impairment - (losses)	0	0			0
- reversals	0	0			0
Depreciation (Expense)	(255,216)	(86,992)	(560,114)		(902,322)
Other Movements	10,400	36,065	(36,065)		10,400
Balance as at 30 June 2009	<u>8,231,583</u>	<u>218,755</u>	<u>3,830,427</u>	<u>0</u>	<u>12,280,765</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2008 \$
7. INFRASTRUCTURE		
Roads - management revaluation 2003	77,966,394	77,966,394
Roads - Cost 2003	964,580	964,580
Roads - Cost 2004	1,016,647	1,016,647
Roads - Cost 2005	870,930	870,930
Roads - Cost 2006	3,276,457	3,276,457
Roads - Cost 2007	1,184,291	1,184,291
Roads - Cost 2008	1,313,630	1,313,630
Roads - Cost 2009	1,598,234	0
Less Accumulated Depreciation	<u>(36,658,063)</u>	<u>(32,964,207)</u>
	51,533,100	53,628,722
Parks, Gardens & Reserves - management revaluation 2003	2,047,447	2,047,447
Parks, Gardens & Reserves - Cost 2003	142,633	142,633
Parks, Gardens & Reserves - Cost 2004	250,617	250,617
Parks, Gardens & Reserves - Cost 2005	100,297	100,297
Parks, Gardens & Reserves - Cost 2006	191,603	191,603
Parks, Gardens & Reserves - Cost 2007	319,521	319,521
Parks, Gardens & Reserves - Cost 2008	248,196	248,196
Parks, Gardens & Reserves - Cost 2009	83,907	0
Less Accumulated Depreciation	<u>(1,021,748)</u>	<u>(898,674)</u>
	2,362,473	2,401,640
Airstrip - management revaluation 2003	286,950	286,950
Airstrip - Cost 2003	0	0
Airstrip - Cost 2004	169,641	169,641
Airstrip - Cost 2005	264,815	264,815
Airstrip - Cost 2006	13,915	13,915
Airstrip - Cost 2007	0	0
Airstrip - Cost 2008	0	0
Airstrip - Cost 2009	0	0
Less Accumulated Depreciation	<u>(164,370)</u>	<u>(145,987)</u>
	570,951	589,334
	<u>54,466,524</u>	<u>56,619,696</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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	Parks Gardens Reserves	Airstrip	Total
	\$	\$	\$	\$
Balance as at 1 July 2008	53,658,076	2,372,286	589,334	56,619,696
Additions	1,598,234	83,907	0	1,682,141
(Disposals)				0
Revaluation - Increments				0
- (Decrements)				0
Impairment - (losses)				0
- reversals				0
Depreciation (Expense)	(3,693,856)	(123,075)	(18,383)	(3,835,314)
Other Movements	(29,354)	29,354	0	0
Balance as at 30 June 2009	<u>51,533,100</u>	<u>2,362,472</u>	<u>570,951</u>	<u>54,466,524</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors & Accruals	633,022	188,275
Accrued Interest on Loans	25,460	26,702
Accrued Salaries and Wages	51,066	40,569
Accrued RDO's	34,702	36,507
Income Received in Advance	177,783	967,206
GST Payable	20,423	0
Bonds & Deposits	544,518	1,024,405
	<u>1,486,974</u>	<u>2,283,663</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	264,000	241,545
	<u>264,000</u>	<u>241,545</u>
Non-Current		
Secured by Floating Charge		
Debentures	1,346,619	1,530,619
	<u>1,346,619</u>	<u>1,530,619</u>
Additional detail on borrowings is provided in Note 21.		
b) Deferred Liabilities		
Peaceful Bay Caravan Park Buildings	82,000	82,000
Rivermouth Caravan Park Buildings	24,700	24,700
	<u>106,700</u>	<u>106,700</u>
10. PROVISIONS		
Current		
Provision for Annual Leave	168,626	138,870
Provision for Long Service Leave	227,030	198,897
	<u>395,656</u>	<u>337,767</u>
Non-Current		
Provision for Annual Leave	83,206	68,301
Provision for Long Service Leave	4,148	10,880
	<u>87,355</u>	<u>79,181</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH/INVESTMENT BACKED			
(a) Employee Entitlements Reserve			
Opening Balance	324,665	324,665	303,103
Amount Set Aside / Transfer to Reserve	19,842	18,324	21,562
Amount Used / Transfer from Reserve	0	0	0
	<u>344,507</u>	<u>342,989</u>	<u>324,665</u>
(b) Plant Reserve			
Opening Balance	159,425	159,425	148,838
Amount Set Aside / Transfer to Reserve	9,739	8,998	10,588
Amount Used / Transfer from Reserve	0	0	0
	<u>169,164</u>	<u>168,423</u>	<u>159,425</u>
(c) Parry Inlet Reserve			
Opening Balance	100,924	100,924	94,221
Amount Set Aside / Transfer to Reserve	6,170	15,696	6,703
Amount Used / Transfer from Reserve	0	(35,000)	0
	<u>107,094</u>	<u>81,620</u>	<u>100,924</u>
(d) Cemetery Reserve			
Opening Balance	23,191	23,191	21,651
Amount Set Aside / Transfer to Reserve	1,417	1,309	1,540
Amount Used / Transfer from Reserve	0	(23,000)	0
	<u>24,608</u>	<u>1,500</u>	<u>23,191</u>
(e) Lime Quarry Rehabilitation Reserve			
Opening Balance	24,764	24,764	23,119
Amount Set Aside / Transfer to Reserve	1,513	1,398	1,645
Amount Used / Transfer from Reserve	0	0	0
	<u>26,276</u>	<u>26,162</u>	<u>24,764</u>
(f) Land and Building Reserve			
Opening Balance	1,216,713	1,216,712	1,135,909
Amount Set Aside / Transfer to Reserve	74,351	68,670	80,804
Amount Used / Transfer from Reserve	(216,000)	(353,000)	0
	<u>1,075,064</u>	<u>932,382</u>	<u>1,216,713</u>
(g) Centenary Celebrations Reserve			
Opening Balance	10,738	20,738	10,025
Amount Set Aside / Transfer to Reserve	21,137	10,606	713
Amount Used / Transfer from Reserve	0	0	0
	<u>31,875</u>	<u>31,344</u>	<u>10,738</u>
(h) Refuse Site Development Reserve			
Opening Balance	71,200	50,000	0
Amount Set Aside / Transfer to Reserve	162,169	51,200	0
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>233,369</u>	<u>71,200</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>2,011,957</u>	<u>1,655,620</u>	<u>1,860,419</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 & 4 to this financial report.

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

Employee entitlements Reserve

- to be used to fund employee entitlements.

Plant Reserve

- to be used for the purchase of major plant as per the plant replacement schedule.

Parry Inlet Reserve

- to be utilised to carry out improvements and maintenance on the Parry Beach Reserve.

Cemetery Reserve

- to be used for the construction of new Cemetery facilities.

Lime Quarry Rehabilitation Reserve

- to be used for the maintenance of Reserve 24913.

Land and Building Reserve

- to be used for the construction of new building or land purchases.

Centenary Celebrations Reserve

- to be used for centenary celebrations.

Refuse Site Development Reserve

- to be used for land acquisition and development of new refuse facility.

The Leave, Plant, Parry Inlet, Cemetery, Lime Quarry Rehabilitation and Land & Building Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

12. RESERVES - ASSET REVALUATION

2009

2008

\$

\$

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

(a) **Asset Revaluation Reserve**

Balance as at 1 July 2008	53,879,201	53,879,201
Revaluation Increment		
Revaluation Decrement		
Balance as at 30 June 2009	<u>53,879,201</u>	<u>53,879,201</u>

TOTAL ASSET REVALUATION RESERVE

53,879,201

53,879,201

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, 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 balance sheet as follows:

	2009	2009	2008
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>4,428,333</u>	<u>3,708,891</u>	<u>3,848,190</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	(424,831)	(1,576,465)	(2,308,210)
Depreciation	4,737,636	4,614,607	4,610,025
Writedown in fair value of Investments	0	0	0
Impairment (Loss)/Reversal	0	0	0
(Profit)/Loss on Sale of Asset	(27,132)	28,392	(55,723)
(Increase)/Decrease in Receivables	335,225	92,812	185,464
(Increase)/Decrease in Inventories	44,129	4,524	37,917
Increase/(Decrease) in Payables	(817,112)	510,000	144,796
Increase/(Decrease) in Employee Provisions	8,691	0	(49,716)
Grants/Contributions for the Development of Assets	(3,037,843)	(2,347,324)	0
Net Cash from Operating Activities	<u>818,763</u>	<u>1,326,546</u>	<u>2,564,552</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	(250,000)		(250,000)
Bank Overdraft at Balance Date	0		0
Credit Card limit	(20,000)		(20,000)
Credit Card Balance at Balance Date	0		0
Total Amount of Credit Unused	<u>(270,000)</u>		<u>(270,000)</u>
Loan Facilities			
Loan Facilities - Current	264,000		241,545
Loan Facilities - Non-Current	1,346,619		1,530,619
Total Facilities in Use at Balance Date	<u>1,610,619</u>		<u>1,772,164</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

14. CONTINGENT LIABILITIES

A claim for damages for faulty road construction resulting in a motor vehicle injury has been against the Council. The action is being defended and advice provided by Council's solicitors indicate the likelihood of a judgement against Council is remote. The amount of the claim is \$50,000 excluding legal costs. Council is insured for all except the first \$10,000 of any successful claim.

15. CAPITAL AND LEASING COMMITMENTS	2009 \$	2008 \$
(a) Finance Lease Commitments		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
Minimum Lease Payments	0	0
Less Future Finance Charges		
Total Lease Liability	0	0
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	0
	0	0
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	0
	0	0
	0	0

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

16. JOINT VENTURE

The Shire of Denmark currently has no joint venture projects.

	2009	2008
	\$	\$
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	2,515,535	2,444,725
General Purpose Funding	373,086	106,530
Law, Order, Public Safety	1,699,338	1,624,491
Health	39,868	89,224
Education and Welfare	348,897	879,833
Housing	18,000	310,627
Community Amenities	3,044,440	1,445,151
Recreation and Culture	4,796,717	5,819,846
Transport	57,006,598	56,060,677
Economic Services	1,204,669	1,018,375
Other Property and Services	1,233,014	3,539,975
Unallocated	31,875	289,585
	<u>72,312,036</u>	<u>73,629,039</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008	2007
18. FINANCIAL RATIOS			
Current Ratio	205%	221%	191%
Untied Cash to Unpaid Trade Creditors Ratio	49%	72%	131%
Debt Ratio	5%	6%	6%
Debt Service Ratio	5%	4%	5%
Gross Debt to Revenue Ratio	21%	27%	22%
Gross Debt to Economically Realisable Assets Ratio	1%	1%	9%
Rate Coverage Ratio	47%	51%	44%
Outstanding Rates Ratio	4%	4%	4%

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 DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

19. TRUST FUNDS

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

	Balance 1-Jul-08	Amounts Received	Amounts Paid	Balance 30-Jun-09
	\$	\$	(\$)	\$
DPI Licensing	0	1,739,233	(1,739,233)	0
BCITF Training Levy	0	27,914	(26,757)	1,157
Building Levy	23	6,723	(6,565)	181
Lieu of Open Space	271,680	30,781		302,461
Nomination Deposits	0			0
Parks & Trails Committee	0	1,000		1,000
	<u>271,703</u>	<u>1,805,652</u>	<u>(1,772,555)</u>	<u>304,799</u>

20. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Ford Fairlane	23,712	27,639	20,000	25,000	(3,712)	(2,639)
Mitsubishi Magna	12,929	15,300	11,363	15,300	(1,566)	0
Ford Courier	13,514	19,270	10,909	27,500	(2,605)	8,230
Ford Falcon	19,961	22,662	11,819	17,200	(8,142)	(5,462)
Ford Falcon	22,156	21,500	12,727	16,000	(9,428)	(5,500)
Case Loader		80,895		40,000		(40,895)
Holden Rodeo	17,622	24,000	17,218	27,500	(404)	3,500
Mitsubishi Pajero	27,473	30,126	27,273	34,000	(201)	3,874
Promac Mulcher	0	0	2,455	500	2,455	500
Screener	0	0	13,636	10,000	13,636	10,000
Bosich Low Loader	0	0	1,818	0	1,818	0
Isuzu Fire Tender (Destroyed by Fire)	76,135	0	0	0	(76,135)	0
Computer Equipment	78	0	0	0	(78)	0
Old Bushfire Vehicles	0	0	0	0	0	0
Regional Tip Site 9 Chillinup)	59,472	0	170,966	0	111,494	0
	<u>273,052</u>	<u>241,392</u>	<u>300,184</u>	<u>213,000</u>	<u>27,132</u>	<u>(28,392)</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans \$	Principal Repayments		Principal 30-Jun-09		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
LOAN 113 - Admin	359,153		40,981	40,981	318,172	318,172	24,572	25,414
LOAN 123 * Lionsville	231,527		12,025	12,025	219,502	219,502	17,960	18,469
LOAN 126 - Civic Centre	168,822		30,446	30,446	138,376	138,376	8,226	8,243
LOAN 129 * Scouts	43,101		1,758	1,758	41,343	41,343	2,481	2,534
LOAN 130 - Plant	32,364		15,735	15,735	16,629	16,629	1,566	1,638
LOAN 131 - Visitors Centre	336,103		14,873	14,874	321,230	321,230	23,174	23,182
LOAN 132 - Youth Centre	75,000		12,951	12,951	62,049	62,049	4,980	5,229
LOAN 133 - Community Bus	23,734		11,539	11,539	12,194	12,194	1,148	1,201
LOAN 135 - Rubbish	29,343		14,267	14,267	15,077	15,077	1,419	1,485
LOAN 137 - Plant	99,016		30,981	30,981	68,036	68,036	5,831	5,847
LOAN 138 - Plant	214,000		36,953	36,953	177,047	177,047	14,211	14,920
LOAN 139 - Civic Centre	75,000		12,951	12,951	62,049	62,049	4,980	5,229
LOAN 140 * Bowling Club	85,000		6,084	6,084	78,916	78,916	5,872	5,987
LOAN 141 * Bowling Club	0	80,000		2,500	80,000	77,500	1,716	3,100
	1,772,164	80,000	241,545	244,045	1,610,619	1,608,119	118,136	122,478

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2008/09

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
LOAN 141/ S/S Bowling Club	80,000	80,000	WATC	P & I	10	23,818	5.15	80,000	80,000	0

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-08 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-09 \$
		0	0	0	0

(d) Overdraft

Council annually renews its overdraft facility of \$250,000 to assist with short term liquidity requirements. Council did not utilise the overdraft facility during the 2008/2009 financial year. The balance of the bank overdraft at 30 June 2008 was Nil

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

22. RATING INFORMATION - 2008/09 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	8.0465	1,608	20,925,468	1,683,593	8,682		1,692,275	1,683,768	18,000		1,701,768
UV	0.2569	553	289,854,000	744,635			744,635	744,635	2,000		746,635
Sub-Totals		2,161	310,779,468	2,428,228	8,682	0	2,436,910	2,428,403	20,000	0	2,448,403
Minimum Rates	Minimum \$										
GRV	655	1,374	9,496,546	899,970			899,970	899,970			899,970
UV	670	101	13,475,000	67,670			67,670	67,670			67,670
Sub-Totals		1,475	22,971,546	967,640	0	0	967,640	967,640	0	0	967,640
Ex-Gratia Rates							3,404,550				3,416,043
Specified Area Rate (refer note 23)							3,404,550				3,416,043
Discounts (refer note 25)							3,404,550				3,416,043
Totals							3,404,550				3,416,043

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

23. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

No specified area rate charge is applied to properties within the Shire of Denmark.

24. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

No specified service charges are applied to properties within the Shire of Denmark.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR**

The Shire of Denmark does not offer any discount or early payment incentives for rates paid prior to due date.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers support of these groups necessary for the overall benefit of the community.

26. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	-	-	-
Interest on Instalments Plan	5.50%	-	15,927	20,000
Charges on Instalment Plan	-	6.00	25,258	23,000
			41,184	43,000

Ratepayers had the option of paying rates in four equal instalments, due on 3rd October 2008, 3rd December 2008, 3rd February 2009 and 3rd April 2009. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2009 \$	2009 Budget	2008 \$
Governance	28,589	36,671	165,313
General Purpose Funding	0	0	0
Law, Order, Public Safety	10,049	9,800	10,823
Health	5,677	7,500	7,693
Education and Welfare	8,200	8,200	4,545
Housing	0	0	0
Community Amenities	768,349	737,972	648,297
Recreation and Culture	135,384	160,054	131,087
Transport	212,080	68,000	25,070
Economic Services	417,251	379,222	193,487
Other Property and Services	5,200	0	5,368
	<u>1,590,780</u>	<u>1,407,419</u>	<u>1,191,683</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

28. GRANT REVENUE	2009	2008
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,713,499	1,192,171
Non-Operating Grants, Subsidies and Contributions	<u>3,037,843</u>	<u>1,238,432</u>
	<u><u>4,751,342</u></u>	<u><u>2,430,603</u></u>
By Program:		
Governance	26,293	3,468
General Purpose Funding	1,344,230	915,597
Law, Order, Public Safety	849,174	328,698
Health	36,465	55,460
Education and Welfare	40,522	117,965
Housing	0	0
Community Amenities	154,900	68,662
Recreation and Culture	46,149	117,646
Transport	2,253,610	823,107
Economic Services	0	0
Other Property and Services	0	0
	<u><u>4,751,342</u></u>	<u><u>2,430,603</u></u>

29. COUNCILLORS' REMUNERATION	2009	2009	2008
	\$	Budget	\$
		\$	

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

Meeting Fees	53,300	52,000	43,200
President's Allowance	10,000	10,000	8,000
Deputy President's Allowance	2,500	2,500	2,000
Travelling Expenses	4,265	6,000	7,884
Communications Allowance	12,500	11,000	6,800
	<u>82,565</u>	<u>81,500</u>	<u>67,884</u>

30. EMPLOYEES' REMUNERATION

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

Salary Range	2009	2008
\$		
100,000 - 109,999		
110,000 - 119,999		1
120,000 - 129,999	1	
130,000 - 139,999		
140,000 - 149,999		
150,000 - 159,999		
160,000 - 169,999		

31. EMPLOYEE NUMBERS	2009	2008
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The number of full-time equivalent employees at balance date

<u>60</u>	<u>54.5</u>
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**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

32. MAJOR LAND TRANSACTIONS

Council has had no major land transactions during the 2008/09 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4,428,333	3,848,190	4,428,333	3,848,190
Receivables	1,034,378	933,114	1,034,378	933,114
	<u>5,462,711</u>	<u>4,781,304</u>	<u>5,462,711</u>	<u>4,781,304</u>
Financial Liabilities				
Payables	1,486,974	2,145,111	1,326,974	2,145,111
Borrowings	1,610,619	1,772,164	1,331,603	1,772,164
	<u>3,097,593</u>	<u>3,917,275</u>	<u>2,658,577</u>	<u>3,917,275</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-09	30-Jun-08
	\$	\$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	0	0
- Income Statement	137,891	27,399
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	0	0
- Income Statement	13,789	2,734

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.

(+) Maximum impact.

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-09	30-Jun-08
Percentage of Rates and Annual Charges		
- Current	56.06%	43.00%
- Overdue	43.94%	57.00%
Percentage of Other Receivables		
- Current	81.99%	46.00%
- Overdue	18.01%	54.00%

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2009</u>					
Payables	1,206,500	280,474	0	1,486,974	1,486,974
Borrowings	371,341	1,226,044	95,296	1,692,681	1,610,619
	<u>1,577,841</u>	<u>1,506,518</u>	<u>95,296</u>	<u>3,179,655</u>	<u>3,097,593</u>
<u>2008</u>					
Payables	1,259,259	1,024,405	0	2,283,664	2,145,111
Borrowings	241,545	1,023,236	507,383	1,772,164	1,772,164
	<u>1,500,804</u>	<u>2,047,641</u>	<u>507,383</u>	<u>4,055,828</u>	<u>3,917,275</u>

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. As such there is no risk to movements in interest rates applicable to the Shire of Denmark.

Shire of Denmark LEMC ANNUAL REPORT 2008-2009

Chairman/Organisation: Kim Barrow, Shire President

Description of local government, or part of local government, areas covered by the LEMC:

Shire of Denmark with representatives from the Walpole area of Shire of Manjimup. There is a strategic overlap between the Peaceful Bay and Walpole communities.

Directions by local government:

Nil

Activities:

Meetings

Number of meetings: 4

(Insert meeting attendance for only the member, not the deputy, if both attend the same meeting.)

Member/Organisation	Member Attendance				Deputy attendance				Total attendance
	30Sep 2008	2 Dec 2008	3 Mar 2009	2 Jun 2009	30Sep 2008	2 Dec 2008	3 Mar 2009	2 Jun 2009	
Chairman Kim Barrow Shire President	Y	Y	Y	Y					4
Committee Secretary Gregg Harwood Denmark Shire	Y	Y	Y	Y					4
Adam Smith FESA Community Emergency Management Officer	Y	Y	Y	Y					4
Dave Dench WA Police Service	Y	Y		Y					3
Russell Evans WA Police Service			Y	Y					2
Sarah Tup- Evans District Emergency Services Officer - Great Southern Dept for Child Protection	Y	Y	Y	Y					4
Arian Kranendonk Bush Fire Brigade Chief Fire Control Officer	Y			Y					2
Marius Wakka Bush Fire Brigade Deputy Fire Control Officer	Y	Y	Y	Y					4
Sue Roberts District Hospital			Y	Y	Y	Y			4
Dick Dimmock Senior Ranger Shire of Denmark			Y	Y					2
Graeme Hockley Shire of Denmark Fire Management Officer	Y	Y	Y	Y					4

Adrian Birdseye State Emergency Service	Y	Y	Y	Y					4
Steve Bondini St. John Ambulance		Y	Y	Y					3
Gary Stanway Denmark VFRS		Y	Y	Y					3
Paul Morel Walpole Police		Y	Y	Y					3
Drew Taylor Walpole Police			Y	Y					2
Len Mac Kenzie Denmark Sea Rescue	Y	Y	Y	Y					4
Peter McCullough Denmark Sea Rescue			Y	Y					2
Alec Cull Peaceful Bay VMRS Peaceful Bay BFB			Y	Y					2
George Doust CALM Walpole		Y	Y	Y					3
Peter Newton Walpole SES			Y	Y					2
Harold Luxton St. John Ambulance Walpole	Y	Y	Y	Y					4
Colin Steele St. John Ambulance Walpole	Y		Y	Y					3
Bob Harrington Silver Chain Walpole	Y		Y	Y					3
Gary Muir Walpole VMRS		Y	Y	Y					3
Peter Aram Peaceful Bay Sea Rescue		Y							1
Rodney Leggerini Walpole Chief Fire Control Officer			Y	Y					2
Coopted Lee Shelley Shire of Denmark			Y						1

Emergencies

Number of emergencies in the local government district where an IMG was activated:

1

Description of incident area	Dates active	Description of emergency
1	15/8/08	Major Storm

LEMC Exercises

Number of exercises in the local government district where an IMG was exercised: Nil

Description of operations area	Dates exercised	Description of exercise
0	0	0

LOCAL EMERGENCY MANAGEMENT ARRANGEMENTS

Local Emergency Management Arrangements

Number of local governments covered by Local Emergency Management Arrangements: **1**

Area covered by local emergency management arrangements	Date Local Emergency Management Arrangements approved by local government	Date of latest draft of Local Emergency Management Arrangements
Eg. Local government district, portion of district or town/area	Eg. if final arrangements approved	Eg. may include if previous final arrangements are being amended
1	2005	2005

Local recovery plans

Number of local governments with a Local Recovery Committee: **Nil at this stage**

Number of local governments covered by Local Recovery Plans: **Nil at this stage**

Area covered by local recovery plan	Date Local Recovery Plan approved by local government	Date of latest draft of Local Recovery Plan
Eg. Local government district, portion of district or town/area	Eg. if final plan approved	Eg. may include if previous final plans are being amended
Shire of Denmark	Nil	Nil

Local Emergency Risk Management Process

Note: Include additional tables if more than one ERM project being undertaken in LEMC area)

The Shire of Denmark is in the initial stages of reviewing its risk evaluation and emergency management arrangements.

Local ERM stage	Date stage achieved
Project plan	We have an AWARE application for grant funding with FESA at the moment through John Lane WALGA
Establish the context <i>Risk evaluation criteria</i>	Pending success of grant application
Identify risks <i>Sources of, and elements at, risk</i>	Pending success of grant application
<i>Risk statements</i>	Pending success of grant application
<i>Risk register</i>	Pending success of grant application
Analyse and evaluate risk <i>Levels of risk and priorities for treatment determined</i>	Pending success of grant application
Treat risks <i>Risk treatment options selected</i>	Pending success of grant application
<i>Risk treatment plans prepared</i>	Pending success of grant application

LEMC ANNUAL BUSINESS PLAN ACHIEVEMENTS

1. No goals at this stage. A business plan was in place during the 2008 – 09 year.

Action taken:

<ul style="list-style-type: none">••

Other Comments:

LEMC Chairman

(Kim Barrow, Shire President)

Date

LEMC Secretary

(Gregg Harwood, Director Of Community & Regulatory Services)

Date

Attachments:

Nil