



Shire of Halls Creek

Annual Report
For the Year Ended
30 June 2008

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

Table of contents

1- SHIRE PRESIDENT'S REPORT	1
2 - CHIEF EXECUTIVE OFFICER'S REPORT	2
3 - STATUTORY REPORTS	5
3.1 National Competition Policy	5
3.2 Disability Services Act	5
3.3 Records Management and the State Records Act 2000	6
3.4 Plan for the Future	6
3.5 Employee Remuneration Information	8
3.6 Freedom of Information Statement	8
4 - ANNUAL FINANCIAL STATEMENTS	10
TABLE OF CONTENTS	10
STATEMENT BY CHIEF EXECUTIVE OFFICER	12
INCOME STATEMENT BY PROGRAMME	13
INCOME STATEMENT BY NATURE OR TYPE	14
BALANCE SHEET	15
STATEMENT OF CHANGES IN EQUITY	16
CASH FLOW STATEMENT	17
RATE SETTING STATEMENT	18
NOTES	19
1. SIGNIFICANT ACCOUNTING POLICIES	19
2. REVENUE AND EXPENSES STATEMENT OF OBJECTIVES	28
3. REVENUES AND EXPENSES	30
4. CASH AND CASH EQUIVALENTS	31
5. TRADE AND OTHER RECEIVABLES	31
6. INVENTORIES	31
7a. PROPERTY, PLANT AND EQUIPMENT	32
7b. INFRASTRUCTURE	32
7c. MOVEMENTS IN CARRYING AMOUNTS	33
8. TRADE AND OTHER PAYABLES	34
9. PROVISIONS	34
10. LONG TERM BORROWINGS	34
11. RESERVES	35
12. ECONOMIC DEPENDANCY AND GRANTS	38
13. NOTES TO THE STATEMENT OF CASH FLOWS	41
14. CAPITAL AND LEASING COMMITMENTS	42
15. TRUST FUNDS	42
16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	43
17. FINANCIAL RATIOS	43
18. LONG TERM BORROWINGS (Detail)	44
19. RATING INFORMATION - 2007/2008 FINANCIAL YEAR	45
20. SPECIFIED AREA RATE - 2007/2008 FINANCIAL YEAR	46
21. SERVICE CHARGES - 2007/2008 FINANCIAL YEAR	46
22. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS	46
23. INTEREST CHARGES AND INSTALMENTS	46
24. FEES & CHARGES	47
25. COUNCILLORS' REMUNERATION	47
26. EMPLOYEES' REMUNERATION	48
27. EMPLOYEE NUMBERS	48
28. MAJOR LAND TRANSACTIONS	48
29. TRADING UNDERTAKINGS	48
30. DISPOSAL AND REPLACEMENT OF ASSETS	49
31. FINANCIAL RISK MANAGEMENT	51
5 - AUDITOR'S REPORT	55

1- SHIRE PRESIDENT'S REPORT

Welcome all to the 2007/08 Annual Report.

Our Chief Executive Officer, Mr. Tony Richman, resigned very near the commencement of this financial year. Council is indebted to Mr. Gary Martin for fulfilling the role of Acting Chief Executive Officer for approximately 5 very hard months until a permanent replacement was found.

The new Chief Executive Officer, Mr. Warren Olsen, took up his position on the 17th of December.

Stage one of the Bridge Street Subdivision progressed very well with all blocks being sold within a week or two of being placed on the market; there has been a holdup in the development of stage two, due to the need to relocate the aircraft beacon.

Significant improvement works have been carried out on our main arterial roads, the Duncan Road and the Tanami Road, especially in respect of floodways. It is really beyond our financial capacity to provide the investment in these roads that they deserve, and Council is actively lobbying for the federal government to take responsibility for the Tanami Road in particular.

Our new Recreation and Aquatic Centre got off to a fairly shaky start; it was closed more often than we would have liked due to shortages of qualified staff. However, this problem was resolved during the year with the appointment of Mr. Peter Tonkin and the pool has been open regularly since that time. We should have liked to have made more progress in extending the recreational services and would have done so but for the failure of our financial assistance application to the Department of Sport and Recreation. These things happen - a further application will be submitted before the end of 2008.

There were a number of administrative and compliance issues outstanding at the commencement of the financial year, and the new management team has made significant progress in resolving these issues, also in discharging a significant number of overdue grant acquittals and in reducing very high levels of outstanding debts owing to the Shire. Although our limited financial capacity is still a significant constraint, we are getting better control of our financial and other resources across a range of areas.

Council has been proactive in seeing how it can better serve its remote and town communities. We successfully negotiated a grant to prepare a proposal for delivering local government services to the Tjurabalan communities and we are hopeful of undertaking a trial implementation during the 2008/09 and 2009/10 years. At the same time, we need to examine all the issues surrounding services to the town communities to see if we can get more equitable outcomes that support the aspirations expressed by the Prime Minister this year in his "Closing the Gaps" speech.



Cr Lynette ("Jim") Craig
Shire President

2 - CHIEF EXECUTIVE OFFICER'S REPORT

I took up my position almost halfway through the year to which this Annual Report relates. Fortunately, Gary Martin had kept the Shire functioning during the preceding five months and had already made a start on addressing some of the many outstanding compliance issues.

Nevertheless, the staff complement was seriously depleted and many systems were nonexistent or dysfunctional. Consequently, my attention during the period was directed mainly at recruiting a new team and at putting some essential systems in place.

Our Regulatory Services Manager, Mr. Tony Morley, left in April after completing a little more than three years' service with the Shire. I was very grateful to Tony, especially for volunteering to keep the pool open (albeit for limited hours) for the community during a very difficult period after the pool manager resigned without notice.

I have been blessed in being unable to recruit a very good management team, and together we have managed to make progress in tackling many of the outstanding issues.

Our new Records Manager, Steve Munyard, commenced in April and immediately started work on implementing a new state-of-the-art document management system. By the end of the reporting period, the system was up and running and we were beginning to populate it with documents. There is still a considerable way to go to deal with the huge backlog of documents from previous administrations; however, our records keeping plan has subsequently been filed with and accepted by the State Records Office of Western Australia.

Steve was also instrumental in completing this year's *Halls Creek Shire Directory*, a project inherited from the previous administration, and in managing our new website project. The new website is now up and running, and it includes a portal directly in to our document management system.

Edmore Masaka commenced in January as our new Environmental Health Officer; after Tony Morley's resignation he stepped up into the role of Senior Environmental Health Officer managing the Regulatory Services Department - he is bringing both experience and vigour to the role and has been instrumental in implementing new health and animal control initiatives as well as taking the leading role in the implementation of Occupational Safety and Health programs.

We have been well served throughout the period by our shared Planning Officer, Mr. Gary McCarney, who has made significant headway in the backlog of planning work so that we can look forward to more residential land becoming available in the future. Gary is due to leave us at the end of 2008 and we are lobbying the Department of Planning and Infrastructure to ensure that a replacement is appointed to continue this very important work.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

Mr. Warren Barker joined us at the beginning of June in the role of Property Management Officer, and immediately started to using his considerable experience and energy to start implementing proper management systems in relation to the Shire's building assets.

The community services section was seriously depleted and dysfunctional during the first half of the reporting period. Ms. Alba Brockie came in December and worked very hard in the role of Acting Executive Manager Community Services to get things into order and to assist in the recruitment of new staff. I am very indebted to Alba for her energy, her enthusiasm and her work ethic that motivated her to work some very long hours to get the outcomes that we have achieved.

Ms. Jo Godfrey commenced in April as our new Youth Services Coordinator and has been instrumental in delivering a wide range of programs including holiday programs, regular sporting and other activities, girls leadership camps and the "Girls Work" project. We are having up to 90 or 100 young people participating in some of these activities on a daily basis. We have also been advertising for youth workers to provide assistance in delivering these services, and we are finally having some success in recruiting suitable assistants for Jo.

Another initiative that Jo has been involved in is a regular meeting of the numerous youth services providers within the Halls Creek, called "Building Better Connections". This program of meetings is aimed at better communication and cooperation between the various youth services providers and also, so far as is possible, at achieving a common philosophy.

Peter Tonkin commenced in May as our new Recreation and Aquatic Centre Manager. The Centre has been open regularly and consistently since Peter's commencement and he has implemented a number of programs including learn-to-swim classes, a lap club, swimming squad, and perhaps most importantly, a training programme to get more qualified lifeguards and pool operators. This last program should result (when we have more qualified staff) in us being able to extend the pool hours to a seven day operation, and consequently to provide even more programs. We look forward to our Aquatic Centre going from strength to strength under Peter's management.

Dan Turner commenced as Executive Manager Technical Services in July 2007. He has worked seven days a week to recruit staff, get all our road working plant operational, upgrade the airport and carry out strategic improvements to our major arterial roads. His significant achievements have been accomplished with the able assistance of his team including Works Foreman Mario Jazyk and the roads crew, and Town Supervisor Wayne Moore and the Town Crew.

The longest-serving member of our management team is Executive Manager Corporate Services Andrea Nunan. Corporate services staff were also seriously depleted when I arrived, which has required Andrea to work extremely hard to achieve the very good results that she has, while also training a lot of new staff. The Auditor's Report at the end of this document is testimony to Andrea's competence and dedication, and I am grateful for all her assistance in achieving this outcome, as well as in many other matters.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

Andrea completed 3 years' service during the reporting period, and I was very pleased to offer her a new employment contract.

In addition to recruiting a new management team, I have also had to recruit and fill many other positions on the staff (too numerous to mention everybody by name in this report). By and large, they are all proving to be very committed to doing their best to achieve outcomes for the community, and I am grateful to them for that.

Some staff are learning new roles for which they have had no previous experience. Everyone is trying their best.

Recruitment and retention has been a very difficult issue in some areas, which has put abnormally huge burdens (that are unsustainable in the longer term) on members of the management team. One of the major constraints is lack of housing in Halls Creek, and we are proposing to build additional staff houses in order to address this issue.

In the meantime, it has been necessary to terminate some non-staff tenancies in order to recruit the staff that we have today. The Shire currently owns 12 houses; when I commenced here, 4 of these houses were being occupied by non-staff tenants. It was obviously necessary to terminate those non-staff tenancies, even though that involved upsetting in a couple of the tenants.

Many other changes have also been necessary. One of those was to consolidate all of our administrative functions into one building and to reorganise the internal spaces within the administration building in order to provide for better supervision and management. Another change was to implement programs for the collection of debts owed to the Council.

It is self-evident that a number of changes are necessary to bring the Shire of Halls Creek back onto an even keel. Some changes will not be universally popular, and I am extremely grateful to the Shire President and Councillors for their consistent and ongoing support for doing those things that necessary and right.

I am also grateful for the Council's farsightedness and commitment to trying to achieve social equity for all of our residents, whether they live in the townsite, the "town camps", remote communities, or on the stations. These are often difficult issues for which we are not properly resourced financially; but I am sure that with commitment, goodwill and hard work we can achieve appropriate outcomes for the community.

A handwritten signature in blue ink, appearing to read 'W. Olsen', with a long horizontal flourish extending to the right.

Warren Olsen
Chief Executive Officer

3 - STATUTORY REPORTS

3.1 National Competition Policy

The National Competition Policy is a set of competition enhancing principles agreed to by the State and Federal Governments in 1995

The intention of the policy is to promote competition for the benefit of businesses, consumers and the economy by eliminating any advantage received by government as a result of public sector ownership. The result should be a more 'level playing field' between the public and private sectors.

All governments with business activities that generate in excess of \$200,000 per annum of "user pays" income must assess these activities, and if necessary, introduce measures to eliminate any net advantages that may have arisen because of the public ownership of the activities.

During 2007-2008, the Shire of Halls Creek did not have any significant business activities that met this criterion, and is not required to complete this assessment.

The Shire is committed to ensuring full compliance with the principles of the National Competition Policy, and therefore monitors its business activities accordingly.

3.2 Disability Services Act

It is a requirement of the WA Disability Services Act that all local government authorities develop and implement a Disability Access and Inclusion Plan (DAIP) that outlines the ways in which the authority will ensure that people with disabilities have equal access to its facilities and services.

The Shire adopted its first Disability Service Plan (DSP) in December 1995 to address the barriers within the community for people with disabilities and to address its statutory requirements under the WA Disability Services Act (1993). An updated DSP was developed in 2004 following consultation with the community.

In 2008, the Shire undertook to review its DSP, consult with stakeholders and draft a new Disability Access and Inclusion Plan to guide further improvements to access and inclusion and meet the requirements of the amended WA Disability Services Act.

The Shire contracted an independent disability consultancy firm, E-QUAL, to review existing documentation, conduct the consultation and draft a DAIP for the Shire. The Disability Access and Inclusion Draft Plan has received input from individuals and groups in the community.

At its Ordinary Meeting of Council, held 16 September 2008, Council formally endorsed the DAIP. A copy of this plan can be viewed on the Shire's website www.hallscreek.wa.gov.au, or by following the link:

<http://av-relay.hcshire.wa.gov.au/InfoRouter/docs/Public/Disability%20Access%20and%20Inclusion%20Plan/ADOPTED%20Disability%20Access%20and%20Inclusion%20Plan%202008.pdf>

In approving this DAIP, the Council is committing the Shire of Halls Creek to achieving six outcomes:

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Shire of Halls Creek.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

2. People with disabilities have the same opportunities as other people to access the buildings and facilities of the Shire of Halls Creek.
3. People with disabilities receive information from the Shire of Halls Creek in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disabilities receive the same level and quality of service from the staff of the Shire of Halls Creek as other people receive.
5. People with disabilities have the same opportunities as other people to make complaints to the Shire of Halls Creek.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by the Shire of Halls Creek.

3.3 Records Management and the State Records Act 2000

The Shire of Halls Creek is required to have a Record Keeping Plan approved by the State Records Commission. It is also a requirement of the Commission that the Shire includes information about the Shire's Records Management in its Annual Report each year.

The State Records Commission approved the Shire of Halls Creek Record Keeping Plan (RKP) in 2004. It is a requirement that this approved RKP be actively used and reviewed by the Shire.

Following the recruitment of a suitably qualified Records Manager and the implementation of a new electronic records management system, a new Record Keeping Plan was developed in the latter part of 2007/2008, and submitted to the Commission for final approval.

State Records Commission Standard 2 (Recordkeeping) Plans), Principle 6 (Compliance), states that *'Government Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan'*. The Shire has ensured that its new RKP includes the necessary strategies to ensure full and meaningful compliance with this particular standard.

3.4 Plan for the Future

Section 5.56 of the Local Government Act 1995 requires the Shire of Halls Creek to make a plan for the future of its district for at least the next two financial years. This plan must outline the broad objectives for the Shire for the given period, and it is a requirement of the Act that the community at large are consulted.

It is also a requirement of the Act, that the Annual Report must include an overview of the Plan for the Future.

The Shire of Halls Creek acknowledges that it failed to produce any form of plan for the future in 2006-2007, and that there had been very little "meaningful" consultation with the community in the past. The Shire was also very conscious that there are

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

many stakeholders in the community each attempting to address the myriad of social and economic issues faced by the district, many in isolation of other stakeholders.

The Shire believed that a collective approach is required to ensure an adequate and suitable future plan for all of its residents. As a major stakeholder is this community, the Shire took on the role as the facilitator for the project known as the Community Conversations Project.

This project, led by Mr Peter Kenyon, from the consulting firm Bank of IDEAS, had considerable assistance from the Better Life Project led by Department of Housing and Works, Kimberley Development Commission and the Indigenous Co-Ordination Centre (Kununurra).

The final outcome of the project is the Shire's Plan for the Future that accurately and adequately reflected the values, vision, goals and major strategic initiatives for the future.

The Community Conversations Project involved the engagement of many of the wide and varied stakeholders in the community, including: Local Businesses, Local Focus and Interest Groups, Government Agencies and non-government support agencies, the children and youth of the town and residents of outlying communities.

There are many ways in which groups can meet. For this project the activities included:

- 14 structured interview focus groups with a variety of residents and stakeholder agency groups
- 3 youth speak-out sessions at the Halls Creek District High School and Red Hill Catholic School
- "Business" After Hours events with local business operators
- Surveys and interviews with individuals
- Meetings with Director Generals (or representatives) from ten state government agencies
- Community meetings in local park with sausage sizzle
- 'Chat Night' inviting people to share ideas and document them on simple whiteboards
- And, most importantly, "dot democracy" whereby all residents were asked to vote on what they wanted in the Plan for the Future by simply placing a sticker dot on the relevant issue/idea

Over 600 people took part in this Conversations Project, which speaks volumes about the enormity, but great importance, of this project.

It is expected that the Council will adopt the final draft of the Plan for the Future in December 2008.

It is also expected that the plan will be reviewed and refined on an annual basis.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

3.5 Employee Remuneration Information

It is a requirement of the Local Government Act 1995, and related Administration Regulations, that the number of employees entitled to an annual salary of \$100,000 or more per annum, are disclosed in the Annual Report in bands of \$10,000. The required information is included in Note 26 of the Annual Financial Statements.

3.6 Freedom of Information Statement

In accordance with section 96 of the Freedom of Information Act 1992 (FOI Act), local governments are required to publish an annual Freedom of Information Statement.

How to make a Freedom of Information Application to the Shire of Halls Creek

- Apply in writing to the Chief Executive Officer, who acts as the FOI Coordinator. The FOI Coordinator will assist you if necessary. No special forms are required – a letter will do.
- Identify or describe the documents concerned, or if you apply for amendment of personal information about yourself you must provide details to show how or why the agency's records are inaccurate, incomplete, out of date or misleading; If you ask for "everything" on a particular subject, the Shire may help you narrow the scope of your application to ensure that the work involved is reasonable. Otherwise the Shire may refuse to deal with your application.
- Give an address in Australia where notices can be sent. If possible, include your telephone number/fax number/email address as this will help Shire staff to contact you if necessary, to assist in your application being dealt with efficiently.
- Pay an application fee of A\$30 if the documents contain non-personal information. No fee is payable for access to personal information about yourself.

Costs

No fees or charges apply for personal information or amendment of personal information about yourself (e.g. your medical records; details of employment etc). Applications for other documents (i.e. which are non-personal in nature) require a \$30 application fee to be paid when the application is lodged, and there may be other charges imposed by the agency as follows:

- \$30 per hour of staff time or pro rata for part of an hour for dealing with an application.
- \$30 per hour (or pro rata for part of an hour) for supervision by staff when access is given to view documents; or the time taken by staff to prepare a transcript from a tape or make photocopies.
- 20 cents per photocopy.
- Actual cost incurred by the agency for preparing a copy of a tape, film or computerised information, or arranging delivery, packaging and postage of documents.
- There are no application fees or charges for internal or external reviews.

You can ask the Shire for an estimate of charges when lodging an application. If the charges are likely to exceed \$25 the agency must give you an estimate of charges and ask whether you want to proceed with the application. You must notify the Shire

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

(within 30 days) of your intention to proceed. In some instances the Shire may request an advance deposit. If you are financially disadvantaged advise the Shire as a 25% reduction of charges may apply.

Reviews

If you disagree with a decision made on your FOI application, you can ask for that decision to be reviewed by someone else in the Shire. You must apply within 30 days of receiving the notice of decision from the Shire.

Within 15 days the Shire will advise you in writing of the outcome of the review, as well as your right to lodge a complaint with the Information Commissioner for an External Review of the Shire's decision.

After internal review, if you still disagree with the Shire's decision, you can lodge a complaint with the Information Commissioner. If you make a complaint to the Information Commissioner, the complaint must -

- Be in writing and include your address.
- Give particulars of the decision to be reviewed including details of the part, or parts, of the decision you want the Commissioner to review.
- Include a copy of the notice of decision sent to you by the Shire - this is the written notice of decision provided to you following the Shire's internal review.

Summary of FOI Requests received in the Year Ended 30 June 2008

No FOI applications were received in the 2007 – 2008 reporting year.

4 – ANNUAL FINANCIAL STATEMENTS

TABLE OF CONTENTS

Statement by Chief Executive Officer	12
Income Statement by Programme	13
Income Statement by Nature or Type	14
Balance Sheet	15
Statement of Changes in Equity	16
Cash Flow Statement	17
Rate Setting Statement	18
Notes to and Forming Part of the Financial Report	
<i>Note</i> 1 Significant Accounting Policies	19
2 Statement of Objectives	28
3 Revenues and Expenses	30
4 Cash and Cash Equivalents	31
5 Trade and Other Receivables	31
6 Inventories	31
7 Property, Plant, Equipment and Infrastructure	32
8 Trade and Other Payables	34
9 Provisions	34
10 Long Term Borrowings	34
11 Reserves	35
12 Economic Dependency & Grants	38
13 Notes to the Statement of Cash Flows	41
14 Capital and Leasing Commitments	42
15 Trust Funds	42
16 Assets by Function and Activity	43
17 Financial Ratios	43
18 Long Term Borrowings (Detail)	44
19 Rating	45
20 Specified Area Rate	46
21 Service charges	46
22 Discounts, Incentives and Write Offs	46
23 Interest Charges and Instalments	46
24 Fees and Charges	47
25 Councillors Remuneration	47
26 Employees Remuneration	48
27 Employee Numbers	48

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

28	Major Land Transactions	48
29	Major Trading Undertakings	48
30	Disposal and Replacement of Assets	49
31	Financial Management Risk	51

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Halls Creek being the annual financial report, supporting Notes and other information for the financial year ended 30th June 2008 are in my opinion properly drawn up to present fairly the financial position of the Shire of Halls Creek as at 30 June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 6th day of November 2008

A handwritten signature in blue ink, appearing to read 'W. Olsen', with a long horizontal line extending to the right.

WK (Warren) OLSEN
Chief Executive Officer

*The Shire of Halls Creek
Thomas Street
Halls Creek WA 6770*

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

INCOME STATEMENT BY PROGRAMME FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		25,089	6,505	25,000
General Purpose Funding		4,625,220	4,342,193	3,974,755
Law, Order, Public Safety		11,397	10,790	36,195
Health		147,709	166,700	150,149
Education and Welfare		138,124	125,875	159,421
Housing		37,190	58,200	56,287
Community Amenities		158,439	158,760	168,219
Recreation and Culture		185,933	160,435	358,848
Transport		2,860,511	2,964,457	2,754,076
Economic Services		191,017	125,521	198,899
Other Property and Services		212,321	139,000	296,639
		<u>8,592,950</u>	<u>8,258,436</u>	<u>8,178,488</u>
EXPENSES FROM ORDINARY ACTIVITIES (Excluding Borrowing Costs expense)				
Governance		(596,112)	(721,107)	(544,313)
General Purpose Funding		(133,646)	(108,526)	(107,464)
Law, Order, Public Safety		(115,297)	(205,575)	(116,366)
Health		(302,267)	(367,489)	(256,149)
Education and Welfare		(230,446)	(389,467)	(308,608)
Housing		(11,372)	(26,423)	(2,088)
Community Amenities		(348,719)	(533,723)	(336,407)
Recreation & Culture		(1,413,356)	(1,539,882)	(1,094,417)
Transport		(2,768,512)	(3,480,470)	(2,454,511)
Economic Services		(297,923)	(443,999)	(328,390)
Other Property and Services		(308,702)	(391,509)	(704,715)
		<u>(6,526,352)</u>	<u>(8,208,170)</u>	<u>(6,253,428)</u>
BORROWING COST EXPENSE				
	3			
Governance		(7,574)	(7,574)	(8,265)
Housing		(46,142)	(46,142)	(50,702)
Transport		0	0	(555)
Net Result		<u><u>2,012,882</u></u>	<u><u>(3,450)</u></u>	<u><u>1,865,538</u></u>

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

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

INCOME STATEMENT BY NATURE OR TYPE FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	19	1,155,065	1,065,685	1,028,129
Grants and Subsidies - operating	12	4,249,479	4,159,250	3,844,559
Contributions Reimbursements and Donations		176,537	194,005	157,717
Service Charges	21	7,475	7,600	7,625
Fees and Charges	24	596,148	478,876	696,670
Interest Earnings	3	231,512	66,756	117,754
Other Revenue		12,627	2,712	465,933
		<u>6,428,843</u>	<u>5,974,884</u>	<u>6,318,387</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,727,267)	(2,410,289)	(1,758,998)
Materials and Contracts		(1,488,096)	(1,581,717)	(1,263,350)
Utilities (gas, electricity, water, etc)		(301,586)	(330,000)	(308,770)
Depreciation on Non-current Assets	3	(2,787,305)	(3,608,962)	(2,654,524)
Insurance		(222,098)	(243,202)	(236,053)
Interest on Debentures	3	(53,716)	(53,716)	(59,522)
Other Expenses		0	0	0
		<u>(6,580,068)</u>	<u>(8,227,886)</u>	<u>(6,281,217)</u>
		(151,225)	(2,253,002)	37,170
Grants and Subsidies - non-operating	12	2,164,107	2,283,552	1,830,454
Profit on Asset Disposals	30(b)	0	0	29,647
Loss on Asset Disposals	30(b)	0	(34,000)	(31,733)
NET RESULT		<u>2,012,882</u>	<u>(3,450)</u>	<u>1,865,538</u>

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

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

**BALANCE SHEET
AS AT 30 JUNE 2008**

	NOTE	2007/2008 Actual \$	2006/2007 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	4,784,475	2,644,468
Trade and Other Receivables	5	663,552	518,569
Inventories	6	101,976	98,618
TOTAL CURRENT ASSETS		5,550,003	3,261,655
NON-CURRENT ASSETS			
Property, Plant and Equipment	7(a)	18,008,984	18,284,805
Infrastructure	7(b)	6,354,865	6,340,067
TOTAL NON-CURRENT ASSETS		24,363,849	24,624,872
TOTAL ASSETS		29,913,852	27,886,527
CURRENT LIABILITIES			
Trade and Other Payables	8	501,340	348,822
Provisions	9	83,668	111,008
Long Term Borrowings	10	87,516	88,038
TOTAL CURRENT LIABILITIES		672,524	547,868
NON-CURRENT LIABILITIES			
Provisions	9	13,958	36,655
Long Term Borrowings	10	706,030	793,546
TOTAL NON-CURRENT LIABILITIES		719,988	830,201
TOTAL LIABILITIES		1,392,512	1,378,069
NET ASSETS		28,521,340	26,508,458
EQUITY			
Retained Surplus		25,576,183	23,983,982
Reserves - Cash Backed	11	1,280,670	859,989
Reserves - Asset Revaluation	11	1,664,487	1,664,487
TOTAL EQUITY		28,521,340	26,508,458

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

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2007/2008 Actual \$	2006/2007 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2007		23,983,982	22,239,097
Net Result	3	2,012,882	1,865,538
Transfer from/(to) Reserves		(420,681)	(120,653)
Balance as at 30 June 2008		25,576,183	23,983,982
RESERVES - CASH BACKED			
Balance as at 1 July 2007		859,989	739,336
Amount Transferred (to)/from Retained Surplus		420,681	120,653
Balance as at 30 June 2008	11	1,280,670	859,989
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		1,664,487	1,664,487
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2008	11	1,664,487	1,664,487
TOTAL EQUITY		28,521,340	26,508,458

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

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
Cash Flows From				
Operating Activities				
Receipts				
Rates		1,101,653	1,251,053	936,637
Grants and Subsidies – operating		4,152,479	4,192,250	3,811,559
Contributions, Reimbursements & Donations		176,537	194,005	157,717
Service Charges		7,475	7,600	7,625
Fees and Charges		508,242	329,768	923,377
Interest Earnings		231,512	500,000	117,754
Goods and Services Tax		680,423	66,756	655,378
Other		12,627	2,712	465,933
		<u>6,870,948</u>	<u>6,544,144</u>	<u>7,075,980</u>
Payments				
Employee Costs		(1,840,419)	(2,390,404)	(1,715,884)
Materials and Contracts		(1,356,959)	(1,341,023)	(1,830,090)
Utilities (gas, electricity, water, etc)		(262,403)	(342,000)	(381,661)
Insurance		(222,098)	(243,202)	(236,053)
Interest		(31,234)	(60,082)	(58,733)
Goods and Services Tax		(643,022)	(500,000)	(641,780)
Other		9,275	0	0
		<u>(4,346,860)</u>	<u>(4,876,711)</u>	<u>(4,864,201)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>2,524,088</u>	<u>1,667,433</u>	<u>2,211,779</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(519,158)	(1,877,276)	(899,356)
Payments for Construction of				
Infrastructure		(2,007,124)	(3,417,084)	(2,053,019)
Grants and Contributions for				
the Development of Assets		2,230,239	2,367,229	1,947,175
Proceeds from Sale of				
Plant & Equipment		0	75,000	104,500
		<u>0</u>	<u>75,000</u>	<u>104,500</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(296,043)</u>	<u>(2,852,131)</u>	<u>(900,700)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(88,038)	(88,038)	(98,636)
		<u>(88,038)</u>	<u>(88,038)</u>	<u>(98,636)</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(88,038)</u>	<u>(88,038)</u>	<u>(98,636)</u>
Net Increase (Decrease) in Cash Held		2,140,007	(1,272,736)	1,212,443
Cash at Beginning of year		2,644,468	2,644,468	1,432,025
Cash at End of Year	13(a)	<u><u>4,784,475</u></u>	<u><u>1,371,732</u></u>	<u><u>2,644,468</u></u>

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

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

RATE SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2007/2008 Actual \$	2007/2008 Budget \$
OPERATING REVENUES			
Governance		25,089	6,505
General Purpose Funding		3,470,155	3,276,508
Law, Order, Public Safety		11,397	10,790
Health		147,709	166,700
Education and Welfare		138,124	125,875
Housing		37,190	58,200
Community Amenities		158,439	158,760
Recreation and Culture		185,933	160,435
Transport		2,860,511	2,964,457
Economic Services		191,017	125,521
Other Property and Services		212,321	139,000
		<u>7,437,885</u>	<u>7,192,751</u>
OPERATING EXPENSES			
Governance		(603,686)	(728,681)
General Purpose Funding		(133,646)	(108,526)
Law, Order, Public Safety		(115,297)	(205,575)
Health		(302,267)	(367,489)
Education and Welfare		(230,446)	(389,467)
Housing		(57,514)	(72,565)
Community Amenities		(348,719)	(533,723)
Recreation & Culture		(1,413,356)	(1,539,882)
Transport		(2,768,512)	(3,480,470)
Economic Services		(297,923)	(443,999)
Other Property and Services		(308,702)	(391,509)
		<u>(6,580,068)</u>	<u>(8,261,886)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
(Profit)/Loss on Asset Disposals		0	34,000
Depreciation on Assets		2,787,305	3,608,962
Accruals - Long Service, Annual & RDO			
Leave		(50,037)	25,000
Capital Expenditure and Income			
Purchase Land and Buildings		(89,056)	(1,109,500)
Purchase Infrastructure Assets - Roads		(1,936,121)	(2,987,118)
Purchase Plant and Equipment		(324,101)	(638,776)
Purchase Furniture and Equipment		(106,000)	(129,000)
Purchase Infrastructure – Other		(71,005)	(429,966)
Proceeds from Disposal of Assets		0	75,000
Repayment of Debentures		(88,038)	(88,038)
Proceeds from Debentures		0	0
Transfers to Reserves (Restricted Assets)		(474,717)	(460,000)
Transfers from Reserves (Restricted Assets)		54,036	50,041
Restricted Monies Movement		0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		2,052,844	2,052,844
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		<u>3,767,992</u>	<u>0</u>
Amount Req'd to be Raised from Rates	19	<u>(1,155,065)</u>	<u>(1,065,685)</u>

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

NOTES

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 15 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.

Collectability 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 Halls Creek Annual Report for the Year Ended 30 June 2008

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 from 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

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

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	25-40 years
Office Furniture	8 years
Office Equipment	5 years
IT Related Equipment	3 years
Plant and Equipment	8 years
Mobile plant and Vehicles	8 years
Large Road Construction Plant & Equip	15 years
Roads Sealed	10 years
Roads Unsealed	10 years
Footpaths	20 years
Other Infrastructure	20 years

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

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.

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 Halls Creek Annual Report for the Year Ended 30 June 2008

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 Halls Creek Annual Report for the Year Ended 30 June 2008

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 Ventures

The Shire of Halls Creek has not entered into any Joint Ventures.

(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 grants and 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 at Note12. 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 Shire of Halls Creek 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.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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.

(w) 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 2008.

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

	Title and Topic	Issued	Applicable ("	Impact
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii)	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.
(iii)	Revised AASB 123 Borrowing Costs 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]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv)	AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi)	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 AASB 101	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.
(vii)	AASB 1049 Whole of Government and General Government Sector Reporting	October 2007	1 July 2008(+)	Nil - The Standard is not applicable to Local Governments.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(viii)	AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> • AASB 2007-09 will have a significant impact on Council's financial statements as it has the effect of withdrawing AAS27. AAS27 is effectively replaced by existing topic based standards and new standards as also detailed here. • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. <p>This Standard will have a significant impact on the Council's financial statements</p> <ul style="list-style-type: none"> • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

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

(+) - Applicable to not-for-profit and/or public sector entities only.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

2. REVENUE AND EXPENSES STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS

The Principal place of Business of the Local Government is:

The Shire of Halls Creek

Thomas Street, Halls Creek, WA 6770

GOVERNANCE

Income and expenditure relating to Council's governance role, as well as the general Administrations costs which cannot be directly allocated to jobs. Costs are later allocated out to jobs/programmes using the "ABC" administration allocation method.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants, interest revenue costs associated with raising of rates, collection of debts and other funding activities within this programme.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control. Operation of the Shire's Ranger services.

HEALTH

Provision of an operational framework for good community health, including food quality and pest control, general health administration and the special Aboriginal environmental health programme.

EDUCATION AND WELFARE

To provide for funds for the operation of a Youth Centre/Drop-in-Centre within Halls Creek, and to support and encourage associated programmes for the benefit of Halls Creek Youth.

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Provide services required by the community including refuse/rubbish collection, tip/refuse site maintenance, administration of the Shire's Town Planning Scheme, management and maintenance of cemeteries and specific community development programmes.

RECREATION AND CULTURE

Efficient management of infrastructure and resources which will help the social development and well being of the community, including: Civic Halls, Sports courts, Oval, Aquatic & Recreation Centre, Library, Rural Transaction Centre and TV rebroadcasting service.

TRANSPORT

Construction and maintenance of roads, town streets and footpaths, street cleaning, street lighting, and the operation of the airports.

2. REVENUE AND EXPENSES STATEMENT OF OBJECTIVES (Continued)

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic well being.

Activities: The regulation and provision of tourism, area promotion and building control.

OTHER PROPERTY & SERVICES

Private Works

Private works are undertaken on a small and large scale and through the year it cannot be forecasted as to the amount of works that will be undertaken.

Public Works Overheads

All costs associated with the employment of Council's Technical Services section are assigned to this sub Programme, and then throughout the course of the year the costs are reallocated to the relevant programmes.

Plant Operation Costs

All costs associated with the operation of Council's plant fleet are assigned to this sub programme, and throughout the year are reallocated to relevant work jobs on which the plant worked, to obtain accurate costs of that job. Costs include fuels, oils, repairs and depreciation.

Salaries & Wages

This Sub Programme identifies the total salaries and wages costs expected for the year and these are also reallocated throughout all sub Programmes during the financial year to reflect true costs.

Misc/Unclassified

This sub programme records both income and expense for goods/services that cannot be allocated to a particular job or programme. It includes expenses incurred by the Shire that are later recouped from third parties, such as the COAG trial and Muns project as part of special auspiced funding.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

3. REVENUES AND EXPENSES	NOTE	2007/2008 Actual \$	2006/2007 Actual \$
Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		14,181	8,518
Doubtful Debts			
- Rate Debtors		22,972	30,124
- Sundry Debtors		39,606	101,876
Depreciation			
- Buildings		466,105	550,792
- Furniture and Equipment		47,855	58,037
- Plant		281,019	272,454
- Infrastructure – Roads		1,723,821	1,507,368
- Infrastructure – Other		268,505	265,873
		<u>2,787,305</u>	<u>2,654,524</u>
Interest Expenses			
- Debentures	18	<u>53,716</u>	<u>59,522</u>
Rental Charges			
- Operating leases		<u>0</u>	<u>14,751</u>
(ii) Crediting as Revenues:			
		2007/2008 Actual \$	2007/2008 Budget \$
Interest Earnings			2006/2007 Actual \$
- Investments			
- Reserve Funds		59,717	41,176
- Municipal Funds		146,286	54,038
- Other Interest Earnings	23	25,509	22,540
		<u>231,512</u>	<u>117,754</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

	NOTE	2007/2008 Actual \$	2006/2007 Actual \$
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		1,135	1,785
Cash at Bank		4,783,340	2,642,683
		<u>4,784,475</u>	<u>2,644,468</u>
Represented by:			
Unrestricted		2,220,007	889,002
Restricted		2,564,468	1,755,466
		<u>4,784,475</u>	<u>2,644,468</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee leave Reserve	11	44,091	35,777
Road making plant Reserve	11	423,406	206,170
Staff Housing Reserve	11	206,637	146,766
Swimming Pool Reserve	11	76,947	0
Airport Operating	11	447,048	422,372
Aboriginal EHO Vehicle	11	26,963	25,472
Office Redevelopment	11	45,319	23,432
Computer Upgrade	11	10,260	0
<i>sub total</i>		<i>1,280,671</i>	<i>859,989</i>
Unspent Grants	12	1,283,797	895,477
		<u>2,564,468</u>	<u>1,755,466</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		364,649	318,209
Sundry Debtors		282,697	250,836
GST Receivable		56,611	81,524
Less Provision for Doubtful Debts		(40,405)	(132,000)
		<u>663,552</u>	<u>518,569</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		101,976	98,618
		<u>101,976</u>	<u>98,618</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

	2007/2008 Actual \$	2006/2007 Actual \$
7a. PROPERTY, PLANT AND EQUIPMENT		
Land – Cost	1,612,000	1,612,000
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	1,612,000	1,612,000
Buildings – Cost	16,723,272	16,634,218
Less Accumulated Depreciation	<u>(2,553,256)</u>	<u>(2,087,151)</u>
	14,170,016	14,547,067
Furniture and Equipment - Cost	663,842	557,839
Less Accumulated Depreciation	<u>(453,068)</u>	<u>(405,213)</u>
	210,774	152,626
Plant & Equipment	4,870,617	4,546,515
Less Accumulated Depreciation	<u>(2,854,423)</u>	<u>(2,573,403)</u>
	2,016,194	1,973,112
Total Property Plant & Equipment	<u>18,008,984</u>	<u>18,284,805</u>
7b. INFRASTRUCTURE		
Infrastructure – Other	4,527,482	4,456,477
Less Accumulated Depreciation	<u>(3,170,449)</u>	<u>(2,901,944)</u>
	1,357,033	1,554,533
Infrastructure – Roads	69,824,069	67,887,950
Less Accumulated Depreciation	<u>(64,826,237)</u>	<u>(63,102,416)</u>
	4,997,832	4,785,534
Total Infrastructure	<u>6,354,865</u>	<u>6,340,067</u>
CLOSING BALANCES	<u>24,363,849</u>	<u>24,624,872</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

7c. 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 \$	Mobile Plant/ Vehicles \$	Infrastructure Other \$	Infrastructure Roads \$	Total \$
Balance as at 1 July 2007	16,159,067	152,626	1,973,112	1,554,533	4,785,534	24,624,872
Additions	89,054	106,003	324,101	71,004	1,936,120	2,526,282
Disposals	0	0	0	0	0	0
Revaluations - Increment	0	0	0	0	0	0
- (Decrement)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation Operating Expense	(466,105)	(47,855)	(281,019)	(268,505)	(1,723,821)	(2,787,305)
Depreciation Written Back (Disposals)	0	0	0	0	0	0
Balance as at 30 June 2008	15,782,016	210,774	2,016,194	1,357,032	4,997,833	24,363,849

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

	2007/2008 Actual \$	2006/2007 Actual \$
8. TRADE AND OTHER PAYABLES		
Current		
Creditors – Sundry	371,351	256,859
Accrued Interest on Debentures	22,482	28,848
Accrued Salaries and Wages	68,461	63,115
PAYG liability	39,046	0
	<u>501,340</u>	<u>348,822</u>
9. PROVISIONS		
Current		
Provision for Annual Leave & RDO's	61,036	101,347
Provision for Long Service Leave	22,632	9,661
	<u>83,668</u>	<u>111,008</u>
Non Current		
Provision for Long Service Leave	13,958	36,655
	<u>13,958</u>	<u>36,655</u>
10. LONG TERM BORROWINGS		
Current		
Debentures	87,516	88,038
	<u>87,516</u>	<u>88,038</u>
Non-Current		
Debentures	706,030	793,546
	<u>706,030</u>	<u>793,546</u>
	<u>793,546</u>	<u>881,584</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

	NOTE	2007/08 Actual \$	2007/08 Budget \$	2006/07 Actual \$
11. RESERVES				
RESERVES - CASH BACKED				
(a) Employee Entitlement				
Opening Balance		35,777	35,777	33,910
Amount Set Aside / Transfer to Reserve		12,350	10,832	1,867
Amount Used / Transfer from Reserve		(4,036)	0	0
		<u>44,091</u>	<u>46,609</u>	<u>35,777</u>
(b) Computer Upgrade				
Opening Balance		0	0	31,053
Amount Set Aside / Transfer to Reserve		10,260	10,000	1,710
Amount Used / Transfer from Reserve		0	0	(32,763)
		<u>10,260</u>	<u>10,000</u>	<u>0</u>
(c) Office Redevelopment				
Opening Balance		23,432	23,432	22,210
Amount Set Aside / Transfer to Reserve		21,887	20,545	1,222
Amount Used / Transfer from Reserve		0	(23,977)	0
		<u>45,319</u>	<u>20,000</u>	<u>23,432</u>
(d) Aboriginal EHO Vehicle				
Opening Balance		25,472	25,472	25,472
Amount Set Aside / Transfer to Reserve		1,491	592	0
Amount Used / Transfer from Reserve		0	(26,064)	0
		<u>26,963</u>	<u>0</u>	<u>25,472</u>
(e) Airport Operating				
Opening Balance		422,373	422,373	400,332
Amount Set Aside / Transfer to Reserve		74,675	73,598	22,040
Amount Used / Transfer from Reserve		(50,000)	0	0
		<u>447,048</u>	<u>495,971</u>	<u>422,372</u>
(f) Plant Replacement				
Opening Balance		206,170	206,170	195,411
Amount Set Aside / Transfer to Reserve		217,236	211,515	10,759
Amount Used / Transfer from Reserve		0	0	0
		<u>423,406</u>	<u>417,685</u>	<u>206,170</u>
(g) Staff Housing				
Opening Balance		146,766	146,766	56,420
Amount Set Aside / Transfer to Reserve		59,871	53,413	90,346
Amount Used / Transfer from Reserve		0	0	0
		<u>206,637</u>	<u>200,179</u>	<u>146,766</u>
(h) Aquatic Centre				
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		76,947	79,504	0
Amount Used / Transfer from Reserve		0	0	0
		<u>76,947</u>	<u>79,504</u>	<u>0</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

11. RESERVES (Continued)

	2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
Total Cash Backed Reserves	<u>1,280,671</u>	<u>1,269,948</u>	<u>859,989</u>

All of the cash backed reserve accounts are supported by money held in financial institutions.

These match the amount shown with restricted cash at note 4.

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

- to be used to fund long service leave requirements.

Computer Upgrade

- to used for the upgrade of IT operating systems

Office Redevelopment

- to be used for the extension/major re-development of the Administration office building.

Aboriginal EHO Vehicle

- to be used for the purchase of new AEHO vehicle, in conjunction with HDWA.

Airport Operating Works

- to be used to maintain airport operating expenses.

Plant Replacement

- To be used for the purchase or major capital upgrade of large plant items such as road construction plant requirements.

Staff Housing

- to be used for the construction/development of Staff Housing.

Aquatic Centre

- to used for the construction of and/or major upgrade of the Shire's Aquatic and Recreation Centre.

Recreation

- to be used for consruction of and/or major upgrade of Shire's Recreation facilities.

TV Rebroadcasting

- to be used for the purchase of capital equipment/major works for the TV rebroadcasting facilities.

Drainage

- To be used for upgrade or new construction of drainage within the Shire.

Rural Transaction

- to be used for the construction of the rural transaction centre

The reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

11. RESERVES (Continued)

RESERVES - ASSET REVALUATION

2008 Actual \$	2007 Actual \$
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Asset revaluation reserves have arisen on revaluation of the following classes of assets:

Buildings and Land

Balance as at 1 July 2007	1,664,487	1,664,487
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>1,664,487</u>	<u>1,664,487</u>
Total Asset Revaluation Reserve	<u><u>1,664,487</u></u>	<u><u>1,664,487</u></u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

12. ECONOMIC DEPENDANCY AND GRANTS

A significant portion of Revenue is received by way of grants from the State and Federal Governments.

Grants recognised as revenue in a particular year are not necessarily expended in the same year.

Source of Grant	Purpose of Grant or Contribution	2006/2007	2007/2008	2007/2008	2007/2008
		AMOUNTS UNSPENT \$	REVENUE RECOGNISED \$	AMOUNTS UTILISED \$	AMOUNTS UNSPENT \$
		Restricted Monies			Restricted Monies
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
Grants Commission	Untied Financial Assistance Grant	0	3,223,700	3,223,700	0
Grants Commission	Untied Roads Financial Grant	0	540,548	540,548	0
		0	3764248	3764248	0
LAW, ORDER, & PUBLIC SAFETY					
Office Crime Prevention	Community Plan	2,400	0	0	2,400
Emergency Management Australia	Emergency Management	32,161	0	32,161	0
Office Crime Prevention	Safety & Crime Prevention activities	11,200	0	11,200	0
Office Crime Prevention	CCTV Camera Grant	0	10,000	0	10,000
		45,761	10,000	43,361	12,400
HEALTH SERVICES					
Health Dept	AEHO contribution	34,133	145,000	156,995	22,138
		34,133	145,000	156,995	22,138

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

12. ECONOMIC DEPENDANCY AND GRANTS (Continued) **OPERATING GRANTS (Continued)**

Source of Grant	Purpose of Grant or Contribution	2006/2007	2007/2008	2007/2008	2007/2008
		AMOUNTS UNSPENT \$	REVENUE RECOGNISED \$	AMOUNTS UTILISED \$	AMOUNTS UNSPENT \$
		Restricted Monies			Restricted Monies
WELFARE SERVICES					
Office Crime Prevention	Youth Spaces	3,765	0	0	3,765
DCD	Youth Development Holiday programme	1,000	0	0	1,000
Office Crime Prevention	Tjurabalan workshops	5,000	0	0	5,000
	Mooditj Programme	3,093	0	3,093	0
FACS	Vacation Care Salaries	0	31,974	31,974	0
Ministry of Justice	Youth Co-Ordination	0	57,286	57,286	0
DCP	Young Peoples Services	0	31,929	31,929	0
Office Crime Prevention	HYPE contribution	5,000	0	0	5,000
DCP	HYPE contribution (Supplementary)	20,000	0	10,409	9,591
DCP	HYPE initial contract contribution	29,484	0	29,484	0
FACS	Equipment Grant		5,000	202	4,798
		67,342	126,189	164,377	29,154
RECREATION & CULTURE					
EDWA	Pool Operating Costs	0	30,000	30,000	0
		0	30,000	30,000	0
TRANSPORT					
MRWA	Direct Grant	0	92,697	92,697	0
MRWA	Street Lighting	0	1,345	1,345	0
		0	94,042	94,042	0
OTHER PROPERTY & SERVICES					
WA Govnt	Munns Implementation	0	80,000	28,385	51,615
NT Government	Promotion of Tanami	15,000	0	0	15,000
		15,000	80,000	28,385	66,615
TOTAL OPERATING GRANTS		162,236	4,125,437	4,157,366	130,307

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

12. ECONOMIC DEPENDANCY AND GRANTS (Continued) **NON OPERATING GRANTS**

Source of Grant	Purpose of Grant or Contribution	2006/2007	2007/2008	2007/2008	2007/2008
		AMOUNTS UNSPENT \$	REVENUE RECOGNISED \$	AMOUNTS UTILISED \$	AMOUNTS UNSPENT \$
		Restricted Monies			Restricted Monies
WELFARE SERVICES					
Office Crime Prevention	Mobile DJ/Disco Trailer	2,098	0	2,098	0
		2,098	0	2,098	0
RECREATION & CULTURE					
Argyle Diamonds	Pool Sails	150,000	0	0	150,000
DCD	Youth & Rec	80,000	0	20,140	59,860
AERF	Pool Construction	0	20,000	20,000	0
		230,000	20,000	40,140	209,860
TRANSPORT					
Remote Access FAGS	Remote Access Roads	45,333	204,000	249,333	0
Main Roads WA	Special - Tanami Funding (Ruby Plains)	0	0	0	0
Main Roads WA	Remote Access Roads	0	129,000	129,000	0
Main Roads WA	Special Funding	293,857	1,015,181	931,338	377,700
Main Roads WA	Tanami Rd - Flood Damage	40,877	0	0	40,877
Main Roads WA	Blackspot	36,091	159,028	2,841	192,278
Roads To Recovery	General	23,606	374,154	226,641	171,119
Roads To Recovery	Remote Acces Roads	0	120,000	58,344	61,656
Roads To Recovery	Supplementary	60,179	0	60,179	0
Main Roads WA	Regional Road Group	0	142,744	42,744	100,000
		499,943	2,144,107	1,700,420	943,630
TOTAL NON OPERATING GRANTS		732,041	2,164,107	1,742,658	1,153,490
TOTAL GRANTS		894,277	6,289,544	5,900,024	1,283,797

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

13 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, 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:

	NOTE	2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
Cash - Unrestricted	4	2,220,007	101,785	889,002
Cash – Restricted	4	2,564,468	1,269,947	1,755,466
		<u>4,784,475</u>	<u>1,371,732</u>	<u>2,644,468</u>

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

Net Profit (or Loss)		2,012,882	(3,450)	1,865,538
Depreciation		2,787,305	3,608,962	2,654,524
(Profit)/Loss on Sale of Asset		0	34,000	2,086
(Increase)/Decrease in Receivables		(36,515)	152,937	230,534
Increase/(Decrease) in Doubtful Debts		(69,422)	0	2,000
(Increase)/Decrease in Inventories		(3,358)	18,618	14,165
Increase/(Decrease) in Payables		113,472	198,595	(657,697)
Increase/(Decrease) in Employee Provisions		(50,037)	25,000	47,804
Grants/Contributions for the Development of Assets		(2,230,239)	(2,367,229)	(1,947,175)
Net Cash from Operating Activities		<u>2,524,088</u>	<u>1,667,433</u>	<u>2,211,779</u>

(c) Credit Standby Arrangements

Bank Overdraft limit	0	0	50,000
Credit Card Limit	75,000	0	6,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>75,000</u>	<u>0</u>	<u>56,000</u>

(d) Loan Facilities

Loan Facilities - Current	87,516	0	88,038
Loan Facilities - Non-Current	706,030	0	793,546
Total Facilities in Use at Balance Date	<u>793,546</u>	<u>0</u>	<u>881,584</u>
 Unused Loan Facilities at Balance Date	 <u>0</u>	 <u>0</u>	 <u>0</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

	2007/2008 Actual \$	2006/2007 Actual \$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
There are no finance lease commitments to report for the year ended 30 June 2008		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	12,342
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	12,342
	0	12,342
(c) Capital Expenditure Commitments	Nil	Nil

15. 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-07 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-08 \$
Staff Christmas Club	12,930	28,795	35,775	5,950
Facility Bond Hire	100	2,053	1,060	1,093
BCITF	10,071	27,983	22,715	15,339
Unclaimed wages	3,005	21,726	0	24,731
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	0	480	480	0
Tourism Operators	32,713	117,081	117,536	32,258
DPI Vehicle Licensing	10,352	184,196	194,288	260
COAG & Other Govnts Funds	180,459	55,000	52,814	182,645
	257,295	437,314	424,668	269,941
	257,295	437,314	424,668	269,941

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2006/2007 Actual \$	2006/2007 Actual \$
Governance	1,067,621	978,995
General Purpose Funding	2,647,308	291,485
Law, Order, Public Safety	12,400	26,271
Health	71,794	123,309
Education and Welfare	61,082	115,162
Housing	2,604,162	2,449,409
Community Amenities	66,923	52,750
Recreation and Culture	11,423,757	1,479,610
Transport	9,118,650	7,259,965
Economic Services	96,310	148,751
Other Property and Services	2,743,845	2,316,353
Unallocated (Cash)	0	2,644,467
	<u>29,913,852</u>	<u>27,886,527</u>

17. FINANCIAL RATIOS	2007/2008	2006/2007	2005/2006
Current Ratio	4.76	2.80	0.19
Untied Cash to Trade Creditors Ratio	5.99	3.46	0.00
Debt Ratio	0.05	0.05	0.08
Debt Service Ratio	0.02	0.02	0.03
Gross Debt to Revenue Ratio	0.12	0.14	0.20
Gross Debt to Economically Realisable Assets	0.03	0.04	0.05
Rate Coverage Ratio	0.13	0.16	0.13
Outstanding Rates Ratio	0.25	0.25	0.19

The above ratios are calculated as follows:

Current Ratio equals
$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Untied Cash to Trade Creditors Ratio
$$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$$

Debt Ratio equals
$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio equals
$$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$$

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 equals
$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$

Outstanding Rates Ratio equals
$$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$$

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

18. LONG TERM BORROWINGS (Detail)

(a) Debenture Repayments

Particulars	Principal 1-Jul-07	New Loans	Principal Repayments		Principal 30-Jun-08		Interest Repayments		
			Actual	Budget	Actual	Budget	Rate	Actual	Budget
							%		
Loan 21 – Duplex	94,239		35,860	35,860	58,379	58,379	6.64	4,481	4,481
Loan 22 - CEO house	107,033		16,702	16,702	90,331	90,331	6.67	6,308	6,308
Loan 23 – Triplex	541,954		17,057	17,057	524,897	524,897	6.68	35,353	35,353
Loan 24 - Office Redevelopment	138,358		18,419	18,419	119,939	119,939	5.79	7,574	7,574
	881,584		88,038	88,038	793,546	793,546		53,716	53,716

(b) New Debentures - 2007/2008

Nil

(c) Unspent Debentures

Council has no unspent Debentures at 30 June 2008.

(d) Overdraft

Council does not have an overdraft facility.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

19. RATING INFORMATION - 2007/2008 FINANCIAL YEAR

RATE TYPE	Rate in \$ (cents)	Number Of Props	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate										
- Gross rental value	9.5000	316	4,805,244	456,498	(7,309)	449,189	473,875	0	0	473,875
- Unimproved Value Mining	11.5000	222	2,250,668	258,827	157,563	416,390	235,828	0	0	235,828
- Unimproved Value Pastoral	6.3000	33	3,450,393	217,374	0	217,374	260,269	0	0	260,269
Sub-Totals		571	10,506,305	932,699	150,254	1,082,953	969,972	0	0	969,972
Minimum Rate	Minimum \$									
- Gross rental value	468	16	36,320	7,488	0	7,488	7,862	0	0	7,862
- Unimproved Value Mining	580	109	220,444	63,220	0	63,220	85,394	0	0	85,394
- Unimproved Value Pastoral	468	3	5,570	1,404	0	1,404	2,457	0	0	2,457
Sub-Totals		128	262,334	72,112	0	72,112	95,713	0	0	95,713
						1,155,065				1,065,685
Totals						1,155,065				1,065,685

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

20. SPECIFIED AREA RATE - 2007/2008 FINANCIAL YEAR

No specified area rates were raised during the year

21. SERVICE CHARGES - 2007/2008 FINANCIAL YEAR

This service charges is for the provision of television re-broadcasting. It is applicable to all Owners of properties within a designated area. The proceeds are applied in full to the actual cost to the Shire for the re-broadcasting service.

T V and Radio Rebroadcasting		
2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
7,475	7,600	7,625

22. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2007/2008 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Sundry Debtors	Write Off	NA	101,780	114,000
Rates Debtors	Write-Off	NA	35,147	38,000

The Shire of Halls Creek does not grant a discount for the early payment of rates.

In 07/08, The Shire waived Hall Hire Charges for selected events that were considered to be for the overall benefit of the Community. The final consideration is not calculated.

23. INTEREST CHARGES AND INSTALMENTS - 2007/2008 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		24,645	6,756
Charges on Instalment Plan		9	864	810
			25,509	7,566

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

	2007/2008 Actual \$	2006/2007 Actual \$
24. FEES & CHARGES		
General Purpose Funding	6,125	1,141
Governance	0	0
Law, Order, Public Safety	1,397	859
Health	2,709	2,298
Education & Welfare	550	612
Housing	35,528	30,600
Community		
Amenities	152,810	166,139
Recreation & Culture	86,605	55,222
Transport	80,216	62,747
Economic Services	184,750	141,163
Other Property & Services	45,458	235,889
	<u>596,148</u>	<u>696,670</u>

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

	2007/2008 Actual \$	2007/2008 Budget \$	2006/2007 Actual \$
25. COUNCILLORS' REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	21,384	25,000	21,126
Travelling Expenses	12,111	10,000	8,185
Telecommunications	6,998	8,000	6,000
President's Allowance	2,499	2,500	2,500
	<u>42,992</u>	<u>45,500</u>	<u>37,811</u>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

26. 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	2007/2008	2006/2007
\$		
100,000 - 110,000	1	1
190,000 - 200,000	<u>1</u>	<u>0</u>

27. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

2007/2008	2006/2007
<u>32</u>	<u>27</u>

28. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the period.

29. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the period.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

30. DISPOSAL AND REPLACEMENT OF ASSETS

The following assets were purchased during the year

	Asset No	G/L Account	Actual \$	Budget \$
Furniture and Fittings				
Housing - Furniture and Equipment		966821	0	10,000
Visitors Centre		130801	0	1,500
Library Server		117701	0	2,500
Phone system upgrade		450724	20,354	60,000
Gymnasium equipment		115804	20,469	80,000
Office Furniture and equipment		450702	7,888	5,000
Web application server		450721	28,992	30,000
Admin/Finance computer server		450722	6,521	5,000
Ice Machine – Depot		148702	3,800	0
Photocopier		450723	17,976	15,000
<i>sub total</i>			<i>106,000</i>	<i>209,000</i>
Buildings				
Aquatic and Recreation Centre		112801	9,150	20,000
Aquatic and Recreation Centre-stormwater drainage		112802	0	30,000
Aquatic Centre - Shade Sales		115803	0	150,000
Rodeo/Racecourse grounds		115701	0	63,000
Dog Pound Upgrade		543704	0	20,000
Depot Improvements		148703	0	25,000
Oval Pavillion - 3 phase power		115702	0	5,000
Community Recource Centre		119201	0	35,000
Office Additions/Renovation		450740	50,713	45,000
Upgrade existing Drop in Centre		855754	0	15,000
New Drop in Centre		855756	17,013	0
285 Welman Road		941931	1,000	7,000
172 Kinivan Street		941932	0	7,000
175 Bridge Street		951703	0	7,000
Kinivan Street Units		951704	0	5,000
123B Roberta Ave		951706	4,327	8,000
120 Roberta Ave		951707		8,000
Depot Residence		951708	1,944	10,000
Racecourse Residence		951709	0	5,000
123A Roberta Ave		951711	813	8,000
Construction new group housing		951712	0	400,000
Housing - Aquatic Centre		951713	0	150,000
122 Roberta Ave		951714	4,094	5,000
Refurb Staff Housing		951715	0	0
<i>sub total</i>			<i>89,054</i>	<i>1,028,000</i>

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

30. DISPOSAL & REPLACEMENT OF ASSETS (continued)

30 a The following assets were purchased during the year (continued)

	Asset No	G/L Account	Actual \$	Budget \$
Plant and Equipment				
EMCS – Prado	3062	451752	0	52,500
4WD CEO Vehicle (Toyota Prado)	3065	451751	0	5,000
4WD EMTS Vehicle (Toyota Prado)	3064	123715	0	5,000
EMRS - 4WD		715701	0	52,500
AEH - 4WD		722701	0	50,000
Heavy Plant		123732	287,033	350,000
4WD Road Construction Foreman	0	123730	23,132	45,700
Outfront mower	0	123731	12,342	13,576
Ride on mower	0	123725	0	5,000
Satellite phones	0	148704	0	10,000
Cage - Dog Control		543705	942	1,000
Car fridge - Dog Control		543703	0	1,500
Rifle - Dog Control		543706	652	2,000
Ranger Tray Back		543701	0	46,500
<i>sub total</i>			<i>324,101</i>	<i>640,276</i>
Infrastructure – Roads				
Duncan Road	5103	120007	403,497	371,137
Tanami Road	5103	120010	891,017	1,085,057
Tanami Road	5103	120263	327,435	594,000
Hall/Thomas Streets	5103	120017		115,000
Gordon Downs	5103	120207	87,064	87,000
Balgo Access Road	5103	120208	130,677	192,333
Elvire Crossing - Duncan Road	5103	120403	96,431	484,670
06/07 Flood Damage	5103	120504	0	57,921
<i>sub total</i>			<i>1,936,121</i>	<i>2,987,118</i>
Infrastructure – Other				
Cemetery Improvements		108701	0	45,000
Refuse Site maintenance		101701	11,357	20,000
Public Toilets/Dump Point		108702	0	100,000
0708 Airpot Runway Crack Sealing		115702	44,900	0
Airport improvements - RAFP funded	89	128714	14,748	264,966
Airport improvements -mound work RADS	7001	128715		
<i>sub total</i>			<i>71,005</i>	<i>429,966</i>
		TOTAL	2,526,281	5,294,360

30 b No assets were sold or disposed of during the 2007/2008 financial year.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

31. 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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4,784,475	2,644,468	4,784,475	2,644,468
Receivables	663,552	518,569	663,552	518,569
	<u>5,448,027</u>	<u>3,163,037</u>	<u>5,448,027</u>	<u>3,163,037</u>
Financial Liabilities				
Payables	501,340	348,822	501,340	348,822
Borrowings	793,546	875,532	785,741	865,644
	<u>1,294,886</u>	<u>1,224,354</u>	<u>1,287,081</u>	<u>1,214,466</u>

Fair value is determined as follows:

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

(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. 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.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

31 FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents (Continued)

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.

	30-Jun-08	30-Jun-07
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	47,845	26,445
- Income Statement	47,845	26,445

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.

(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.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

31 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables (Continued)

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

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	60.50%	43.50%
- Overdue	39.50%	56.50%
Percentage of Other Receivables		
- Current	41.00%	34.10%
- Overdue	59.00%	65.90%

(c) Payables and 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>2008</u>					
Payables	501,340	0	0	501,340	501,340
Borrowings	138,106	395,277	658,265	1,191,648	793,367
	<u>639,446</u>	<u>395,277</u>	<u>658,265</u>	<u>1,692,988</u>	<u>1,294,707</u>
<u>2007</u>					
Payables	348,822	0	0	348,822	348,822
Borrowings	138,106	448,592	743,055	1,329,753	875,532
	<u>486,928</u>	<u>448,592</u>	<u>743,055</u>	<u>1,678,575</u>	<u>1,224,354</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.

Shire of Halls Creek Annual Report for the Year Ended 30 June 2008

31 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and Borrowings (Continued)

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2008								
Borrowings								
Fixed Rate								
Debentures	0	58,379	0	0	90,331	137,976	286,686	6.30%
Weighted Average Effective Interest Rate	0.00%	6.64%	0.00%		6.67%	5.91%		
Year Ended 30 June 2007								
Borrowings								
Fixed Rate								
Debentures	0	0	94,239	0	0	781,292	875,531	6.54%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.64%	0.00%	0.00%	6.53%		

5 – AUDITOR'S REPORT



INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF HALLS CREEK

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Halls Creek, which comprises the balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Auditor's Opinion

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2008 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).

UHY Haines Norton - ABN 358 5397 1745

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Shire of Halls Creek Annual Report for the Year Ended 30 June 2008



INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF HALLS CREEK (continued)

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read 'David Tomasi'.

DAVID TOMASI
PARTNER

Date: 6 November 2008
Perth, WA