



Shire of Halls Creek

Annual Report

For Year Ended 30 June 2010

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1.0 PRESIDENTS REPORT

2009-2010 financial year has been characterised by steady progress towards some of Council's strategic objectives, including:

- Acquiring more land for the development of the town.
- Building more staff housing
- Implementation of the Visitors Centre business plan
- Upgrading the Tanami Road
- Building up the Halls Creek Airport
- Improving services

Early in the financial year, expression of interest were sought from suitably qualified consultants to undertake an economic impact study on proposals to upgrade the Tanami Road to sealed standard, and the contract was awarded to Cummings Economics. After considerable consultation and data collection, the draft report was received just before Christmas and the final report was adopted in February.

The Shire of Halls Creek commissioned the study to establish that upgrading this important interstate route would not only bring obvious social benefits to those remote Aboriginal communities to which it serves as an important supply route, but would also bring substantial economic benefits to pastoral stations and other businesses (including tourism and mines) in the Kimberley Region and Central Australia in particular, and more generally to the whole of Australia.

The Benefit Cost ratios that have been documented in the report are very robust, especially due to the:

- Diversion of tourists and freight over the shorter route.
- The transport cost and efficiency benefits for the mines.
- The opportunity to bring in wider economic benefits.

Since the report came to hand, we have been building a "network of support" for the proposed upgrade among politicians and stakeholders. These types of investment are not achieved quickly or easily, and it will take a tenacious effort over a period to achieve the outcome that we need. But we are now armed with a very credible report, and have received good support from all who have been asked. It is widely accepted that upgrading this important interstate route would bring significant benefits across the whole Kimberley region.

The Shire has been a constant advocate for greater investment in water and wastewater infrastructure. Water supply is still a significant constraint on the development of Halls Creek, despite water consumers achieving a 10% reduction in water consumption compared to the previous year. An electromagnetic aerial survey carried out during the period identified potential bore sites and the Water Corporation has been testing these resources.

In addition, the Shire joined with the Water Corporation, Landcorp, the Department of Housing, the Department of Planning and the Department of Indigenous Affairs to fund a sustainable integrated infrastructure study into water and wastewater. The

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study is being undertaken by Syrinx Environmental Pty Ltd with a view to ensure that our water supply and wastewater solutions will be sustainable in the longer term.

The Minister for Lands, Hon. Brendon Grylls MLA, invited the Shire to make application for additional land to provide for the future growth of the town. The application has been made, and we are presently awaiting the outcome.

The Shire has been a constant advocate of the need for an industrial subdivision for Halls Creek to provide appropriate land for existing and future businesses. After some years of frustration in pursuing this matter, we hosted a visit by the Landcorp Board at the end of the financial year and were successful in persuading the Board of the merits of our case. Consequently, we expect the long awaited industrial land to commence development in 2011.

There has been considerable investment by the State in housing in the district throughout the year, particularly in the period leading up to 30 June.

In addition, the Shire also took delivery of 6 new staff townhouses and a single-persons' quarters. While this will be a great benefit in recruitment and retention of some additional staff, a deficit in staff housing remains and as such we have acquired some additional land and plans for further staff housing.

During the year, the Shire contracted Aerodrome Management Services to manage and operate the Halls Creek Airport. A review of the Shire's past management of the airport clearly demonstrated that airport management was not within the Shire's in-house skill sets, and as a consequence, the airport was not operating effectively as the transport hub that it should be. Working in partnership with our new airport managers, we look forward to building up the airport business and to providing more services to benefit both the Shire residents and visitors to the district.

This year the Halls Creek Visitors Centre has made significant progress in implementing its new business plan. It has been open all year (except for Christmas Day), employing up to five staff at the peak of the season, and has enjoyed remarkable growth in business turnover. It has also launched a new website with full online booking and online retailing capability.

We believe that its success is largely due to the relationships that have been formed with our arts centres and other local suppliers, and our preference for stocking local products rather than cheap trinkets of a generic nature. Many new suppliers have agreed to have their products sold through the Visitors Centre, which is now selling accommodation from Darwin to Broome and various tours throughout the district and the region.

The Kimberley Development Commission assisted with a grant from Royalties for Regions for capacity building and accreditation of the Visitors Centre. This has paid for a number of capacity-building initiatives including the Visitors Centre website. Tourism WA has also granted "first stage" accreditation of the Visitors Centre.

Youth Services have continued to provide essential services to large numbers of young people, despite chronic understaffing. With the benefit of substantial funding

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assistance from the Attorney-General's Department we have been able to extend our youth services into the remote communities of Billiluna, Mulan and Ringer Soak. Additional staff housing has also enabled us to attract further funding so that we can employ more Youth Development Officers in Halls Creek.

The Halls Creek Aquatic and Recreation Centre continues to be a very popular facility that provides services the majority of the year, despite some staffing difficulties. Additional staff housing has enabled us to better staff the facility enabling us to more confidently offer seven-day operation, even in the school holidays.

The Shire has been pleased to partner with the Kimberley Language Resource Centre and the Yarliyil Arts Group to assist the latter group with administrative support to enable them to become active once again. The group has been successful in gaining funding from various sources, and the Shire is administering the grants, and acting as employer for the Arts Development Officer. Applications for funding for a dedicated arts centre building have so far been unsuccessful, so the group are currently working from the Shire Hall and it is good to see them working again and getting satisfaction from their art.

The Works Department carried out a number of projects in the beginning of the period including a 17km resheet of the Carranya section of the Tanami Road, which proved to be a high quality job achieved to specification and within the budget. The job was achieved using contractors directly supervised by a separately contracted supervisor, and we are grateful to Clive Lovell for his excellent management of the job and to Greenfield Technical Services for the planning of the work.

The Shire also budgeted to provide a proper road to the Lundja Community at Red Hill and to seal some remaining town streets. These works did not proceed for various reasons including fairly consistent rainfall through the second part of the period (the country is really looking very lush for this time of year). They will be carried out in 2010-11. Part of the program is to get a dedicated road reserve in which the Lundja Community Road can be constructed, and we expect that we will get that reserve in the very new future.

Plans have also been prepared for a footpath to Mardiwah Loop – we are now awaiting the widening of part of that road reserve to accommodate the footpath, as well as for funding.



Cr Peter Tierney
Shire President

2.0 CHIEF EXECUTIVE OFFICERS REPORT

2009-10 financial year has been characterised by reasonable stability in the staff, although there were a number of resignations following the end of the financial year. Most areas of the organisation experienced understaffing at some stage during the year.

Youth Services experienced continued heavy demand for services – Alba Brockie's small band have performed exceptionally in the face of totally inadequate staff numbers, and we have been pleased to recruit several part-time or casual youth activity officers – Darrilyn Gordon, Jaydene Long and Wade Reichel – to help provide these services.

The Attorney-General's Department has funded the extension of Youth Services into some of our remote communities, and Andrea Strassburg, Fiona Sproule, Lindsay Round and Karen Sheffield were recruited as Remote Youth Development Officers.

We were fortunate to complete our first two staff housing projects this year – the acquisition of staff housing has enabled the funding of further Youth Development Officer positions, for which we are recruiting as the calendar year 2010 draws to a close.

Janine Hinton finished up as Executive Manager Community Services in June. The position was disestablished in favour of a new position of Community Engagement Officer, which has subsequently been filled by Michelle Martin.

Visitors Centre Manager Tancie O'Halloran resigned in October 2009, and was replaced by Mark Nicholas. Ann Cole was also working in the Visitors Centre in the early part of the reporting period, and other staff of the Visitors Centre within the period have included Mick Mancell, Melanie Thompson, Anneliese de Groot, Ludia Withers, and Rikeesha Rivers. Marian Chisholm started in early July.

The Visitors Centre has made substantial progress during this year, bringing many additional operators on board and more than doubling sales turnover. This has included much more local product – art from Art Centres within the district, local books, sound recordings from local artists, etc. It is apparent from the results that our visitors are keen to experience local products, rather than the imported trinkets that were previously the Visitors Centre main fare.

There has also been more focus on selling tours and accommodation – we now regularly sell hotel rooms in Darwin (a major gateway to our region) as well as throughout the Kimberley, and tours for local operators within the district and the region.

Andrew Vonarx headed up the Technical Services Department throughout the review period, although he resigned with effect from October 2010. Andrew was assisted by Works Superintendent Sam Wooden who served from August 2009 until June 2010. Town Supervisor Wayne Moore terminated in December 2009 and was subsequently replaced by Graham Conley, who didn't stay very long due to personal reasons. We

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are grateful to leading hand Duncan Munro for filling the various gaps, and to Errol, Ivan, Dennis and Alec for their work on the Town Crew.

Mario Jazyk continues to be our longest serving employee. He was assisted for a short while by Grader Operator Tonny Gorter.

Graham Commons was running the workshop from the beginning of the review period, but he and Milja resigned in November 2009 and Craig McCafferty took up the role in February 2010 (before resigning in September).

Edmore Masaka did a fine job of managing the Regulatory Services Department, despite staff shortages throughout the year. He was well supported by our two rangers, Kyle and Mark, who have made a significant difference since they commenced at the end of August 2009. Having two rangers has worked out much better than having only one, and they brought stability to the job. They have also implemented littering programs, and Halls Creek is now a much tidier town than it used to be.

Andrew Casey worked as Senior Environmental Health Officer for a short while, and Daryl Yeeda did a short stint as Aboriginal Environmental Health Worker.

There was a large diesel spill at the Shire's depot in May this year; I was on leave at the time and Edmore stepped in to manage the situation and implement remedial actions. Due to his prompt action, the contamination was captured and we averted a major risk to the town's water supply. While it was tragic that this incident happened in the first place, Edmore's action has minimised the not insubstantial cost to the Shire and we have avoided prosecution. I think we all owe a substantial debt of gratitude to Edmore on the way he handled this incident.

Since the end of the reporting period, Edmore and Andrew Casey have both moved on and we have recruited new staff. The acquisition of more staff housing has enabled funding to be obtained for a further Environmental Health Officer.

Andrea Nunan is our second-longest serving member of staff, and continued in her role as Executive Manager Corporate Services. Hitesh Hans started in August 2009 in the role of Senior Finance Officer; Accounts Officers Kathryn Wynne and Philippa Moore both resigned in early 2010 and we were very pleased that Tia Petrevski agreed to return to our employ on a part-time basis.

Additional staff housing enabled us to fill two new positions created to spread the administration burden and allow staff to cut working hours to more reasonable levels. Glenn Withers commenced as Personnel Officer and Michelle De Saily commenced as Executive Secretary in April.

Steve Munyard continued as Records Manager throughout the period, by the end having almost completed registration of the huge backload of unregistered documents that existed when he commenced early in 2008. Steve gave us considerable notice of his intention to leave in September in order to get married and to live overseas. He left with our gratitude for the work he did here and our best wishes for the future.

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Daniel Milkins and Rosmaria Eastman continued with their roles as Customer Service Officer and Administration Assistant. They are both in their third year of service and hold considerable corporate knowledge.

Warren Barker fulfilled the role of Property Manager throughout the period, which included overseeing the two new staff housing projects that have made such a significant difference.

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

Warren Olsen
Chief Executive Officer

3.0 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 2009-2010, 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 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:

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

As required by the WA Disability Services Act, the Shire is required to review the progress of the DAIP, to compare proposed outcomes to achievements. As at 30 June 2010 this review had not been completed.

3.3 Records Management and the State Records Act 2000

The Shire of Halls Creek has a Record Keeping Plan approved by the State Records Commission, as per requirements of the State Records Act. 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's new Record Keeping Plan on 22 December 2008, following a complete re-work on the original 2004 Plan.

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.

A review of the current RKP must be submitted to the State Records Commission in December 2013.

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 is consulted.

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

The "Halls Creek Community Strategy 2008-2018" was adopted by Council on 17 December. The pathway taken in the development of this Plan for the Future was documented in the Shire's 2008-2009 Annual Report.

The review of this report, due in 2010, had not been completed as at 30 June 2010.

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

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required information is included in Note 27 of the Annual Financial Statements in this report.

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.

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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 (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 2010

No FOI applications were received in the 2009-2010 reporting year.

3.7 Register of Complaints

Section 5.121 requires that a register of all complaints, made in relation to conduct of elected members, be disclosed in the Annual Report.

For the year ended 30 June 2010, the Shire of Halls Creek had no complaints of this nature to disclose.

4.0 Annual Financial Report

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**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 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Halls Creek as at 30 June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 24th day of September 2010

A handwritten signature in blue ink, appearing to read 'WK Olsen', followed by 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*

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STATEMENT OF COMPREHENSIVE INCOME BY PROGRAMME

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		27	0	1,034
General Purpose Funding		6,140,946	5,753,063	8,437,719
Law, Order, Public Safety		5,204	17,440	23,707
Health		176,884	155,781	147,551
Education and Welfare		1,032,348	354,551	1,016,648
Housing		62,873	53,000	44,432
Community Amenities		206,402	183,000	168,444
Recreation and Culture		659,659	452,290	270,545
Transport		3,869,303	4,209,351	2,373,458
Economic Services		337,325	255,160	220,995
Other Property and Services		5,180,720	49,364	193,022
		<u>17,671,691</u>	<u>11,483,000</u>	<u>12,897,555</u>
EXPENSES FROM ORDINARY ACTIVITIES (Excluding Finance Costs)				
Governance		(472,939)	(590,074)	(784,372)
General Purpose Funding		(101,870)	(98,420)	(154,108)
Law, Order, Public Safety		(244,013)	(328,430)	(106,149)
Health		(280,897)	(396,562)	(275,251)
Education and Welfare		(692,154)	(1,384,556)	(306,441)
Housing		29,140	23,287	(37,484)
Community Amenities		(876,400)	(1,101,941)	(546,494)
Recreation & Culture		(1,889,172)	(2,048,523)	(1,393,936)
Transport		(3,685,017)	(3,564,426)	(3,084,147)
Economic Services		(586,785)	(632,525)	(347,856)
Other Property and Services		(599,565)	(612,259)	(381,104)
		<u>(9,399,672)</u>	<u>(10,734,429)</u>	<u>(7,417,342)</u>
EXPENSE FINANCE COST				
Governance		(6,068)	(6,067)	(6,842)
Housing		(92,013)	(72,846)	(41,274)
	3	<u>(98,081)</u>	<u>(78,913)</u>	<u>(48,116)</u>
Net Result		8,173,938	669,658	5,432,097
OTHER COMPREHENSIVE INCOME		0	0	0
Total Comprehensive Income		<u>8,173,938</u>	<u>669,658</u>	<u>5,432,097</u>

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

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STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	20	1,457,978	1,476,932	1,393,049
Grants,Subsidies,Contributions - Operating	13	11,071,173	4,004,541	6,684,664
Service Charges	22	14,900	15,000	15,000
Fees and Charges	25	830,938	723,200	655,514
Interest Earnings	3	369,728	134,000	249,834
Other Revenue		696	100,682	47,016
		<u>13,745,413</u>	<u>6,454,355</u>	<u>9,045,077</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(2,877,530)	(3,650,168)	(1,959,434)
Materials and Contracts		(2,530,504)	(3,057,924)	(1,532,346)
Utilities (gas, electricity, water, etc)		(315,797)	(335,000)	(305,283)
Depreciation on Non-current Assets	3	(3,107,945)	(3,048,032)	(3,064,955)
Insurance		(202,873)	(346,444)	(202,872)
Interest on Debentures	3	(98,081)	(78,913)	(48,116)
Other Expenses		(345,681)	(259,805)	(299,617)
		<u>(9,478,411)</u>	<u>(10,776,286)</u>	<u>(7,412,623)</u>
		4,267,002	(4,321,931)	1,632,454
Grants,Subsidies,Contributions - Non Operati	13	3,906,316	4,940,741	3,821,798
Profit on Asset Disposals	31 (b)	19,962	87,904	30,680
Loss on Asset Disposals	31 (b)	(19,342)	(37,056)	(52,835)
Net Result		8,173,938	669,658	5,432,097
OTHER COMPREHENSIVE INCOME		0	0	0
Total Comprehensive Income		<u>8,173,938</u>	<u>669,658 0</u>	<u>5,432,097</u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	14,877,373	8,400,143
Trade and Other Receivables	5	400,029	1,574,089
Inventories	6	49,000	96,112
TOTAL CURRENT ASSETS		15,326,402	10,070,344
NON-CURRENT ASSETS			
Work In Progress	7	150,790	443,156
Property, Plant and Equipment	8(a)	20,694,175	18,094,687
Infrastructure	8(b)	8,684,257	7,426,422
TOTAL NON-CURRENT ASSETS		29,529,222	25,964,265
TOTAL ASSETS	17	44,855,624	36,034,609
CURRENT LIABILITIES			
Trade and Other Payables	9	833,376	1,111,757
Provisions	10	276,036	245,373
Long Term Borrowings	11	82,283	72,553
TOTAL CURRENT LIABILITIES		1,191,695	1,429,683
NON-CURRENT LIABILITIES			
Provisions	10	22,676	18,012
Long Term Borrowings	11	1,513,878	633,477
TOTAL NON-CURRENT LIABILITIES		1,536,554	651,489
TOTAL LIABILITIES		2,728,249	2,081,172
NET ASSETS		42,127,375	33,953,437
EQUITY			
Retained Surplus		38,000,546	30,801,785
Reserves - Cash Backed	12	2,462,342	1,487,165
Reserves - Asset Revaluation	12	1,664,487	1,664,487
TOTAL EQUITY		42,127,375	33,953,437

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

STATEMENT OF CHANGES IN EQUITY

	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2009		30,801,785	25,576,183
Net Result		8,173,938	5,432,097
Transfer from/(to) Reserves		(975,177)	(206,495)
Balance as at 30 June 2010		<u>38,000,546</u>	<u>30,801,785</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2009		1,487,165	1,280,670
Amount Transferred (to)/from Retained Surplus		975,177	206,495
Balance as at 30 June 2010	12	<u>2,462,342</u>	<u>1,487,165</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2009		1,664,487	1,664,487
Total Other Comprehensive Income		0	0
Balance as at 30 June 2010	12	<u>1,664,487</u>	<u>1,664,487</u>
TOTAL EQUITY		<u><u>42,127,375</u></u>	<u><u>33,953,437</u></u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

STATEMENT OF CASH FLOWS

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
Cash Flows From				
Operating Activities				
Receipts				
Rates		1,471,341	1,640,065	1,536,413
Grants, Subsidies, Contributions		11,984,189	4,892,857	5,876,348
Service Charges		14,900	15,000	15,000
Fees and Charges		820,346	800,006	697,943
Interest Earnings		307,167	435,000	249,834
Goods and Services Tax		994,544	134,000	565,888
Other		4,095	84,081	43,617
		<u>15,596,582</u>	<u>8,001,009</u>	<u>8,985,043</u>
Payments				
Employee Costs		(2,821,544)	(3,570,608)	(1,723,235)
Materials and Contracts		(3,206,221)	(3,138,792)	(975,336)
Utilities (gas, electricity, water, etc)		(311,840)	(333,873)	(353,793)
Insurance		(202,873)	(346,444)	(202,872)
Interest		(100,033)	(80,865)	(50,590)
Goods and Services Tax		(584,430)	(523,136)	(501,523)
Other		(334,011)	(173,419)	(308,892)
		<u>(7,560,952)</u>	<u>(8,167,137)</u>	<u>(4,116,241)</u>
Net Cash Provided By (Used In)				
Operating Activities	14(b)	<u>8,035,630</u>	<u>(166,128)</u>	<u>4,868,802</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(3,209,656)	(6,147,707)	(1,124,580)
Payments for Construction of				
Infrastructure		(3,415,006)	(5,638,427)	(3,251,203)
Payments for Construction of				
Work in Progress		(143,179)	0	(443,156)
Grants and Contributions for				
the Development of Assets		4,223,751	5,183,176	3,521,908
Proceeds from Sale of				
Plant & Equipment		95,557	242,000	131,414
Net Cash Used in Investing Activities		<u>(2,448,532)</u>	<u>(6,360,958)</u>	<u>(1,165,617)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(109,869)	(84,629)	(87,516)
Proceeds from new Debentures		1,000,000	1,000,000	0
Net Cash Provided By (Used In)				
Financing Activities		890,131	915,371	(87,516)
Net Increase (Decrease) in Cash Held		6,477,229	(5,611,715)	3,615,669
Cash at Beginning of year		8,400,144	8,400,143	4,784,474
Cash at End of Year	14(a)	<u><u>14,877,373</u></u>	<u><u>2,788,428</u></u>	<u><u>8,400,143</u></u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

RATE SETTING STATEMENT

	NOTE	2009/2010 Actual \$	2009/2010 Budget \$
OPERATING REVENUES			
Governance		27	0
General Purpose Funding		4,682,968	4,276,131
Law, Order, Public Safety		5,204	17,440
Health		176,884	155,781
Education and Welfare		1,032,348	354,551
Housing		62,873	53,000
Community Amenities		206,402	183,000
Recreation and Culture		659,659	452,290
Transport		3,869,303	4,209,351
Economic Services		337,325	255,160
Other Property and Services		5,180,720	49,364
		<u>16,213,713</u>	<u>10,006,068</u>
OPERATING EXPENSES			
Governance		(479,007)	(596,141)
General Purpose Funding		(101,870)	(98,420)
Law, Order, Public Safety		(244,013)	(328,430)
Health		(280,897)	(396,562)
Education and Welfare		(692,154)	(1,384,556)
Housing		(62,873)	(49,559)
Community Amenities		(876,400)	(1,101,941)
Recreation & Culture		(1,889,172)	(2,048,523)
Transport		(3,685,017)	(3,564,426)
Economic Services		(586,785)	(632,525)
Other Property and Services		(599,565)	(612,259)
		<u>(9,497,753)</u>	<u>(10,813,342)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
(Profit)/Loss on Asset Disposals		(620)	(50,848)
Depreciation on Assets		3,107,945	3,048,032
Movement in Employee Benefits		35,327	150,000
Capital Expenditure and Revenue			
Works in Progress		(143,179)	0
Purchase Land and Buildings		(2,739,361)	(4,970,767)
Purchase Infrastructure Assets - Roads		(3,045,478)	(4,905,427)
Purchase Plant and Equipment		(443,227)	(1,109,000)
Purchase Furniture and Equipment		(27,068)	(67,940)
Purchase Infrastructure - Other		(369,528)	(733,000)
Proceeds from Disposal of Assets		95,558	242,000
Repayment of Debentures		(109,869)	(84,629)
Proceeds from Debentures		1,000,000	1,000,000
Transfers to Reserves (Restricted Assets)		(975,177)	(659,500)
Transfers from Reserves (Restricted Assets)		0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		7,471,420	7,471,421
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		12,030,682	0
Amount Req'd to be Raised from Rates	20	<u><u>(1,457,978)</u></u>	<u><u>(1,476,932)</u></u>

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

1. STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS

The principal place of business of the Local Government is:

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 administration 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 the programme.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control. Operation of 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 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 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 Re-broadcasting service.

1. STATEMENT OF OBJECTIVES (Continued)

TRANSPORT

Construction and maintenance of roads, town streets and footpaths, street cleaning, street lighting, and operations of the airport.

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 AND SERVICES

Private Works

Private works are undertaken on 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 operation of Council's plant feet 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. Items which determine actual costs include fuels, oils, repairs and depreciation.

Salaries and Wages

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

Misc/Unclassified

This sub programme records both income and expenditure and expense for goods/services that cannot be reallocated 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.

2. 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 government and not-for-profit entities), other mandatory professional requirements and the Local Government Act 1995 (as amended) and accompanying regulations.

The report has also been prepared on the accrual basis under the convention of historical cost accounting modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of 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 in Note 16 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practices, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents 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 costs using the effective interest rate method, less any allowance for uncollectable amounts.

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

(f) Inventories

General

Inventories are valued at the lower end of the costs 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 end 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 costs or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes all the costs of 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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Land Under Roads

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

Effective 01 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with treatment available in Australian Accounting Standard AASB1051 – Land Under Roads and the fact that Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising land under roads.

In respect of land under roads acquired on or after 01 July 2008, as detailed above, Local Government (Financial Management) Regulation 16 (a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB1051 Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 01 July 2008 is not included as an asset of the Council.

(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 and Equip	15 years
Roads Sealed	10 years
Roads Unsealed	10 years
Footpaths	20 years
Other Infrastructure	20 years

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

iv) Available-for-sale financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income

(j) Estimation of Fair Value

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(p) Leases

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

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

(q) Joint Venture

The 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 Note 11. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

(w) 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.

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

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

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB’s annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions
(v)	AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

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(vi)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	
(vii)	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	
	AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	
	AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant
	Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
	AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disclosure Impact

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

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

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

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

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

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3. REVENUES AND EXPENSES	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		26,498	25,491
- Other Services		0	0
Doubtful Debts			
- Rate Debtors		3,897	8,576
- Sundry Debtors		4,438	2,157
Depreciation			
- Buildings		487,843	471,712
- Furniture and Equipment		69,609	61,469
- Plant		387,166	352,128
- Infrastructure - Roads		1,876,800	1,942,777
- Infrastructure - Other		286,527	236,869
	8c	<u>3,107,945</u>	<u>3,064,955</u>
Interest Expenses			
- Debentures	19	<u>98,081</u>	<u>48,116</u>
(ii) Crediting as Revenues:			
		2009/2010 Actual \$	2009/2010 Budget \$
Interest Earnings			2008/2009 Actual \$
- Investments			
- Reserve Funds		92,811	50,000
- Municipal Funds		237,792	65,000
- Other Interest Earnings	24	39,125	19,000
		<u>369,728</u>	<u>134,000</u>
			<u>249,834</u>

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	NOTE	2009/2010 Actual \$	2008/2009 Actual \$
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		1,335	1,235
Cash at Bank		14,876,038	8,398,908
		<u>14,877,373</u>	<u>8,400,143</u>
Represented by:			
Unrestricted		4,422,858	3,578,779
Restricted		10,454,515	4,821,365
		<u>14,877,373</u>	<u>8,400,144</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Leave Reserve	12	226,720	46,448
Road Making Plant Reserve	12	762,151	446,048
Staff Housing Reserve	12	735,899	437,248
Swimming Pool Reserve	12	197,018	191,062
Airport Operating	12	301,054	291,955
Aboriginal EHO Vehicle	12	6,604	6,405
Office Redevelopment	12	202,508	47,743
Computer Upgrade	12	11,145	10,808
TV Rebroadcasting	12	19,245	9,450
	<i>sub total</i>	<i>2,462,344</i>	<i>1,487,167</i>
Unspent Loans	19	258,956	0
Unspent Grants	13	7,733,215	3,334,198
		<u>10,454,515</u>	<u>4,821,365</u>
5. TRADE and OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		213,967	206,710
Sundry Debtors		131,836	1,374,713
GST Receivable		0	0
Other Tax Receivable		0	3,399
Accrued Interest		62,561	0
Less Provision for Doubtful Debts		(8,335)	(10,733)
		<u>400,029</u>	<u>1,574,089</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		49,000	96,112
		<u>49,000</u>	<u>96,112</u>
7. WORK IN PROGRESS			
Non Current			
Buildings		100,255	202,962
Infrastructure -Other		0	25,026
Infrastructure - Roads		50,535	3,026
Land		0	212,142
	15c	<u>150,790</u>	<u>443,156</u>

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	2009/2010 Actual \$	2008/2009 Actual \$
8a. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	2,073,312	1,612,000
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	2,073,312	1,612,000
Buildings - Cost	19,709,126	17,004,766
Less Accumulated Depreciation	<u>(3,510,965)</u>	<u>(3,024,968)</u>
	16,198,161	13,979,798
Furniture and Equipment - Cost	766,122	739,055
Less Accumulated Depreciation	<u>(530,498)</u>	<u>(460,889)</u>
	235,624	278,166
Plant & Equipment	5,302,534	5,092,592
Less Accumulated Depreciation	<u>(3,115,456)</u>	<u>(2,867,869)</u>
	2,187,078	2,224,723
Total Property Plant & Equipment	<u>20,694,175</u>	<u>18,094,687</u>

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 \$	Total \$
Balance as at 1 July 2009	15,591,798	278,166	2,224,723	18,094,687
Additions	3,168,750	27,067	443,227	3,639,044
Disposals	(3,078)	0	(233,285)	(236,363)
Revaluations - Increment	0	0	0	0
- (Decrement)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation Operating Expense	(487,843)	(69,609)	(387,166)	(944,618)
Depreciation Written Back (Dispo	1,846	0	139,579	141,425
Balance as at 30 June 2010	<u>18,271,473</u>	<u>235,624</u>	<u>2,187,078</u>	<u>20,694,175</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

	2009/2010	2008/2009
	Actual	Actual
	\$	\$
8b. INFRASTRUCTURE		
Infrastructure - Other	5,435,544	5,059,860
Less Accumulated Depreciation	<u>(3,693,845)</u>	<u>(3,407,318)</u>
	1,741,699	1,652,542
Infrastructure - Roads	75,588,374	72,542,896
Less Accumulated Depreciation	<u>(68,645,816)</u>	<u>(66,769,016)</u>
	6,942,558	5,773,880
Total Infrastructure	<u>8,684,257</u>	<u>7,426,422</u>

8c. 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.

	Infrastructure Other	Infrastructure Roads	Total
	\$	\$	\$
Balance as at 1 July 2009	1,652,542	5,773,880	7,426,422
Additions	375,684	3,045,478	3,421,162
Disposals	0	0	0
Revaluations - Increment	0	0	0
- (Decrement)	0	0	0
Impairment - (Losses)	0	0	0
- Reversals	0	0	0
Depreciation Operating Expense	(286,527)	(1,876,800)	(2,163,327)
Depreciation Written Back (Disposals)	0	0	0
Balance as at 30 June 2010	<u>1,741,699</u>	<u>6,942,558</u>	<u>8,684,257</u>

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NOTES	2009/2010 Actual \$	2008/2009 Actual \$
9. TRADE AND OTHER PAYABLES		
Current		
Creditors - Sundry	214,301	925,838
Excess Rates	11,670	7,335
GST Payable	498,250	88,136
Accrued Interest on Debentures	18,056	20,008
Accrued Salaries and Wages	0	0
PAYG & FBT Liability	91,099	70,440
	<u>833,376</u>	<u>1,111,757</u>
10. PROVISIONS		
Current		
Provision for Time in Lieu	25,398	4,250
Provision for Annual Leave & RDO's	230,626	205,651
Provision for Long Service Leave	20,012	35,472
	<u>276,036</u>	<u>245,373</u>
Non Current		
Provision for Long Service Leave	22,676	18,012
	<u>22,676</u>	<u>18,012</u>
11. LONG TERM BORROWINGS		
Current		
Debentures	82,283	72,553
	<u>82,283</u>	<u>72,553</u>
Non-Current		
Debentures	1,513,878	633,477
	<u>1,513,878</u>	<u>633,477</u>
	<u>1,596,161</u>	<u>706,030</u>

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	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
12. RESERVES			
RESERVES - CASH BACKED			
(a) Employee Entitlement			
Opening Balance	46,448	46,448	44,090
Amount Set Aside / Transfer to Reserve	180,272	176,405	2,358
Amount Used / Transfer from Reserve	0	0	0
	<u>226,720</u>	<u>222,853</u>	<u>46,448</u>
(b) Computer Upgrade			
Opening Balance	10,808	10,808	10,260
Amount Set Aside / Transfer to Reserve	337	327	548
Amount Used / Transfer from Reserve	0	0	0
	<u>11,145</u>	<u>11,135</u>	<u>10,808</u>
(c) Office Redevelopment			
Opening Balance	47,743	47,743	45,320
Amount Set Aside / Transfer to Reserve	154,765	151,445	2,423
Amount Used / Transfer from Reserve	0	0	0
	<u>202,508</u>	<u>199,188</u>	<u>47,743</u>
(d) Aboriginal EHO Vehicle			
Opening Balance	6,405	6,405	26,963
Amount Set Aside / Transfer to Reserve	199	194	1,442
Amount Used / Transfer from Reserve	0	0	(22,000)
	<u>6,604</u>	<u>6,599</u>	<u>6,405</u>
(e) Airport Operating			
Opening Balance	291,955	291,955	447,048
Amount Set Aside / Transfer to Reserve	9,099	8,834	23,907
Amount Used / Transfer from Reserve	0	0	(179,000)
	<u>301,054</u>	<u>300,789</u>	<u>291,955</u>
(f) Plant Replacement			
Opening Balance	446,048	446,048	423,406
Amount Set Aside / Transfer to Reserve	316,103	113,497	22,642
Amount Used / Transfer from Reserve	0	0	0
	<u>762,151</u>	<u>559,545</u>	<u>446,048</u>

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	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
12. RESERVES (Continued)			
RESERVES - CASH BACKED (Continued)			
(g) Staff Housing			
Opening Balance	437,248	437,248	206,637
Amount Set Aside / Transfer to Reserve	298,651	193,231	230,611
Amount Used / Transfer from Reserve	0	0	0
	<u>735,899</u>	<u>630,479</u>	<u>437,248</u>
(h) Aquatic Centre			
Opening Balance	191,062	191,062	76,947
Amount Set Aside / Transfer to Reserve	5,956	5,781	114,115
Amount Used / Transfer from Reserve	0	0	0
	<u>197,018</u>	<u>196,843</u>	<u>191,062</u>
(i) TV Rebroadcasting			
Opening Balance	9,450	9,450	0
Amount Set Aside / Transfer to Reserve	9,795	9,786	9,450
Amount Used / Transfer from Reserve	0	0	0
	<u>19,245</u>	<u>19,236</u>	<u>9,450</u>
Total Cash Backed Reserves	<u><u>2,462,344</u></u>	<u><u>2,146,667</u></u>	<u><u>1,487,167</u></u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

12. RESERVES (Continued)

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 and/or other significant payment that may be required upon termination of an employee.

Computer Upgrade

- to be used to fund the upgrade and/or replacement of the Shire's network operating computer system or any of the administrative or financial management computer operating programmes

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 fund major operational or major capital works required at the Shire of Halls Creek Airport

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 to fund the construction, development or purchase of residential housing or land to be utilise by the Shire of Halls Creek for the provision of staff housing

Aquatic Centre

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

Recreation

- to be used for construction of and/or major upgrade or operating expenses of Shire's Recreation facilities

TV Rebroadcasting

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

RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of assets:	2009/2010 Actual \$	2008/2009 Actual \$
Buildings and Land		
Balance as at 1 July 2009	1,664,487	1,664,487
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>1,664,487</u>	<u>1,664,487</u>
Total Asset Revaluation Reserve	<u>1,664,487</u>	<u>1,664,487</u>

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13. ECONOMIC DEPENDANCY AND GRANTS

OPERATING GRANTS		2008/2009 AMOUNTS UNSPENT \$	2009/2010 REVENUE RECOGNISED	2009/2010 AMOUNTS UTILISED	2009/2010 AMOUNTS UNSPENT \$
Source of Grant	Purpose of Grant or Contribution				
LAW, ORDER, & PUBLIC SAFETY					
Office Crime Prevention	Community Plan	3,600	0	0	3,600
Office Crime Prevention	Safety & Crime Prevention activities	11,200	0	0	11,200
	<i>Sub total</i>	14,800	0	0	14,800
HEALTH SERVICES					
Health Dept	AEHO contribution	0	173,800	173,800	0
	<i>Sub total</i>	0	173,800	173,800	0
WELFARE SERVICES					
DEEWR	Vacation Care Salaries	16,732	33,266	49,998	0
Corrective Services	Youth Co-Ordination	2,365	60,891	63,256	0
DCP	Young Peoples Services	47,007	115,260	162,267	0
DCP	HYPE contribution (Supplementary)	2,563	0	0	2,563
DCP	Indigenous Partnerships		20,000	140	19,860
Attorney Generals	Youth Services - Tjurabalan region	660,000	709,973	326,933	1,043,040
Attorney Generals	Youth Development Officer	25,455	0	6,167	19,288
FaCS	Youth Hub	69,000	78,000	57,143	89,857
	<i>Sub total</i>	823,122	1,017,390	665,904	1,174,608
RECREATION & CULTURE					
KDC	Civic precinct Scoping Study		50,000	41,701	8,299
EDWA	Pool Operating Costs	0	30,000	30,000	0
DLGRD	Pool Traineeships	0	23,000	2,854	20,146
DHAC	Pool Traineeships	0	45,945	0	45,945
DHAC	Swimming Pathways	0	8,666	0	8,666
Dept Health & Aged Car	Sport & Recreation Tjurabalan area	44,395	0	44,395	0
	<i>Sub total</i>	44,395	157,611	118,950	83,056
TRANSPORT					
MRWA	Direct Grant	0	103,748	103,748	0
MRWA	Street Lighting	0	0	0	0
	<i>Sub total</i>	0	103,748	103,748	0
ECONOMIC SERVICES					
KDC	Capacity building - Visitors Centre	0	46,000	46,000	0
	<i>Sub total</i>	0	46,000	46,000	0
OTHER PROPERTY & SERVICES					
WA Govnt	MUNS Implementation	0	9,586	9,586	0
NT Government	Promotion of Tanami	15,000	0	0	15,000
Road Wise	Roadwise speed trailer	0	18,177	18,177	0
RDL	Forward Capital works planning	0	35,000	0	35,000
KDC	Community Housing Project	0	5,000,000		5,000,000
	<i>Sub total</i>	15,000	5,062,763	27,763	5,050,000
TOTAL OPERATING GRANTS		897,317	6,561,312	1,136,165	6,322,464
Miscellaneous					
	Contributions, Donations & Reimbursements	0	224,008	224,008	0

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13. ECONOMIC DEPENDANCY AND GRANTS (continued)

NON OPERATING GRANTS		2008/2009	2009/2010	2009/2010	2009/2010
Source of Grant	Purpose of Grant or Contribution	AMOUNTS UNSPENT \$	RECOGNISED \$	UTILISED \$	AMOUNTS UNSPENT \$
GENERAL PURPOSE FUNDING					
DOTARS	Regional Local Community Infra programme	100,000		100,000	0
	Royalties for Regions	1,402,128	0	1,402,128	0
	<i>Sub total</i>	1,502,128	0	1,502,128	0
RECREATION					
Argyle Diamonds	Pool Sails	131,130	0	131,130	0
DCD	Youth & Rec	8,940	0	0	8,940
FAHCSIA ROC	Upgrade Welman Road Park	0	200,000	0	200,000
DOTARS RLCIP	Upgrade Welman Road Park	0	30,000	0	30,000
	<i>Sub total</i>	140,070	230,000	131,130	238,940
TRANSPORT					
Remote Access FAGS	Remote Acces Roads	108,698	198,000	271,202	35,496
Main Roads WA	Remote Acces Roads	61,103	128,200	189,303	0
Main Roads WA	Special Funding	1	2,046,186	1,831,139	215,048
Main Roads WA	Tanami Rd - Flood Damage	40,877	0	40,877	0
Main Roads WA	Blackspot	192,278	19,040	192,278	19,040
Roads To Recovery	General	150,200	769,382	150,200	769,382
Roads To Recovery	Remote Acces Roads	241,526	0	241,526	0
Roads To Recovery	Supplementary	0	0		0
Main Roads WA	Regional Road Group	0	280,000	210,950	69,050
Infrastructure	Regional Airports Funding Programme	0	0	0	0
RADS Transport	Sealing project Airport	0	165,508	165,508	0
RADS Transport	Relocation non-directional beacon	0	70,000	6,205	63,795
	<i>Sub total</i>	794,683	3,676,316	3,299,188	1,171,811
TOTAL NON OPERATING GRANTS		2,436,881	3,906,316	4,932,446	1,410,751
TOTAL UNSPENT GRANTS, SUBSIDIES & CONTRIBUTIONS		3,334,198	10,691,636	6,292,619	7,733,215

Amounts unspent are held as Restricted Funds

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14. 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	2009/2010 Actual \$	2009/2010 Budget \$	2008/2009 Actual \$
Cash - Unrestricted	4	4,422,858	251,762	3,578,779
Cash - Restricted	4	10,454,515	2,536,666	4,821,364
		<u>14,877,373</u>	<u>2,788,428</u>	<u>8,400,143</u>

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

Net Result		8,173,938	669,658	5,432,097
Depreciation		3,107,945	3,048,032	3,064,955
(Profit)/Loss on Sale of Asset		(620)	(50,848)	22,155
(Increase)/Decrease in Receivables		1,176,458	1,364,822	(880,865)
Increase/(Decrease) in Doubtful Debts		(2,398)	(10,733)	(29,672)
(Increase)/Decrease in Inventories		47,112	1,112	5,864
Increase/(Decrease) in Payables		(278,381)	(154,995)	610,417
Increase/(Decrease) in Employee Provisions		35,327	150,000	165,759
Grants/Contributions for the Development of Assets		(4,223,751)	(5,183,176)	(3,521,908)
Net Cash from Operating Activities		<u>8,035,630</u>	<u>(166,128)</u>	<u>4,868,802</u>

(c) Credit Standby Arrangements

Bank Overdraft limit		1,000,000	0	0
Bank Overdraft at Balance Date		0	0	0
Credit Card Limit		75,000	75,000	75,000
Credit Card Balance at Balance Date		0	0	0
Total Amount of Credit Unused		<u>1,075,000</u>	<u>75,000</u>	<u>75,000</u>

(d) Loan Facilities

Loan Facilities - Current		82,283	84,629	72,553
Loan Facilities - Non-Current		1,513,878	1,093,257	633,477
Total Facilities in Use at Balance Date		<u>1,596,161</u>	<u>1,177,886</u>	<u>706,030</u>
Unused Loan Facilities at Balance Date	19	<u>258,956</u>	<u>0</u>	<u>0</u>

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15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the year ended 30 June 2010

(b) Operating Lease Commitments

There are no operating commitments to report for the year ended 30 June 2010

(c) Capital Expenditure Commitments	2009/2010		2009/2010
	Capital Commitment 10/11	Total Works In Progress	New Works in Progress
Shade Structures at Pool	30,621	0	0
Rodeo Ground Improvements	27,338	0	0
Youth Services Centre	510,000	7,233	2,648
Group Housing Construction	0	0	0
Darcy St SPQ	40,000	0	0
Mardiwah Loop Footpath	0	3,026	0
Construction 122 Roberta Avenue	366,000	30,184	30,184
Dog Pound	70,000	2,475	2,475
Construct Lot 237 Quilty ST	0	2,962	2,962
Depot Improvements	100,000	49,107	49,107
Standpipe and water tank - Shire Depot	10,000	8,294	8,294
Seal - Becket St	974,824	25,176	25,176
Seal - Red Hill Rd	437,667	22,333	22,333
	<u>2,566,450</u>	<u>150,790</u>	<u>143,179</u>

16. 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 01-July-2009	Amounts Received	Amounts Paid	Balance 30-June-2010
	\$	\$	\$	\$
Staff Christmas Club	0	300	0	300
Staff Housing Bonds	0	4,493	4,200	293
Facility Bond Hire	4,500	9,223	8,823	4,900
BCITF	848	33,413	31,716	2,545
Unclaimed wages	24,731	1,154	214	25,671
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	0	400	400	0
Tourism Operators	4,864	457,690	445,854	16,700
Library Membership deposits	880	840	20	1,700
DPI Vehicle Licencing	7,026	311,442	304,588	13,880
Telecentre Income	11,590	9,164	49	20,705
COAG & Other Govnts Funds	174,124	5,400	2,967	176,557
	<u>236,228</u>	<u>833,519</u>	<u>798,831</u>	<u>270,916</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND A ACTIVITY	2009/2010 Actual \$	2008/2009 Actual \$
Governance	8,614	2,979
General Purpose Funding	210,070	3,666,541
Law, Order, Public Safety	18,590	28,605
Health	39,569	19,699
Education and Welfare	41,799	851,922
Housing	5,013,237	3,258,177
Community Amenities	181,654	160,576
Recreation and Culture	10,741,818	11,221,676
Transport	9,411,661	10,111,112
Economic Services	261,480	108,419
Other Property and Services	3,987,198	6,604,903
Unallocated (Cash)	14,939,934	0
	<u>44,855,624</u>	<u>36,034,609</u>

18. FINANCIAL RATIOS	2009/2010	2008/2009	2007/2008
Current Ratio	4.16	3.76	4.76
Untied Cash to Trade Creditors Ratio	20.64	3.87	5.99
Debt Ratio	0.06	0.06	0.05
Debt Service Ratio	0.02	0.01	0.02
Gross Debt to Revenue Ratio	0.18	0.08	0.12
Gross Debt to Economically Realisable Ass	0.05	0.02	0.03
Rate Coverage Ratio	0.12	0.11	0.13
Outstanding Rates Ratio	0.13	0.12	0.25

The above rates 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 Year Ended 30 June 2010

19. LONG TERM BORROWINGS (Detail)

(i) Debenture Repayments

Particulars	Principal 1-Jul-09	New Loans	Principal Repayments		Principal 30-Jun-10		Interest Repayments		
			Actual	Budget	Actual	Budget	Rate	Actual	Budget
							%		
Loan 21 - Duplex	20,098		20,098	20,098	0	0	6.76	1,981	1,981
Loan 22 - CEO house	72,496		19,043	19,043	53,453	53,453	6.67	3,888	3,888
Loan 23 - Triplex	506,682		19,453	19,452	487,229	487,230	6.68	32,877	32,877
Loan 24 - Office Redvelopment	106,754		13,960	13,960	92,794	92,794	5.79	6,068	6,067
Loan 25 - Housing Units		1,000,000	37,315	12,076	962,685	987,924	6.68	53,267	34,100
	706,030	1,000,000	109,869	84,629	1,596,161	1,621,401		98,081	78,913

(ii) New Debentures - 2009/2010

Purpose of Loan

	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Construct New Housing Units	1,000,000	1,000,000	WATC	Fixed Term	20	811,644	6.68	741,044	1,000,000	258,956
Total New Loans	1,000,000	1,000,000				811,644		741,044	1,000,000	258,956

(iii) Overdraft

Council has an operational overdraft of \$1 million on its Municipal Account, but has not utilised the facility this year.

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

20. RATING INFORMATION - 2009/2010 FINANCIAL YEAR

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate										
GRV _ Town	10.8300	268	5,028,316	527,078		527,079	527,078	1,000		528,078
GRV Town Vacant						0				0
UV _ Rural/Pastoral	7.1820	31	3,539,093	253,732		253,732	253,732			253,732
UV _ Mining	26.2400	36	1,219,830	326,857	(12,955)	313,902	326,857	5,000		331,857
UV Prospecting/Exploration	13.1100	135	2,591,387	267,500		267,500	267,500			267,500
Sub-Totals		470	12,378,626	1,375,167	(12,955)	1,362,213	1,375,167	6,000		1,381,167
Minimum Rate	Minimum \$									
GRV _ Town	535	10		5,350	0	5,350	5,350	0	0	5,350
GRV Town Vacant	1070	22	30,850	23,540		23,540	23,540			23,540
UV _ Rural/Pastoral	535	3		1,605	0	1,605	1,605	0	0	1,605
UV _ Mining	535	7		3,745		3,745	3,745			3,745
UV Prospecting/Exploration	535	115		61,525	0	61,525	61,525	0	0	61,525
Sub-Totals		157	30,850	95,765	0	95,765	95,765	0	0	95,765
Ex Gratia						1,457,978				1,476,932
						0				0
Totals			12,409,476	1,470,932		1,457,978				1,476,932

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

21. SPECIFIED AREA RATE - 2009/2010 FINANCIAL YEAR

Nil

22. SERVICE CHARGES - 2009/2010 FINANCIAL YEAR

T V and Radio Rebroadcasting

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.

2009/2010	2009/2010	2008/2009
Actual	Budget	Actual
\$	\$	\$
14,900	15,000	15,000

**23. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
2009/2010 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Sundry Debtors	Write Off	NA	1,729	2,500
Rates Debtors	Write-Off	NA	12	2,500
Community Facility Hire Grants	Subsidy	NA	5,598	12,000

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

The Council has agreed to waive, reduce or refund facility hire charges for approved applicants only.

The final cost of fees forgone are shown above as "community facility hire grants"

24. INTEREST CHARGES AND INSTALMENTS - 2009/2010 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11	0	24,091	15,000
Interest on Instalment Plan	6	0	5,588	4,000
Interest on Sundry Debtors	11	0	9,446	0
<i>Total Interest</i>			39,125	19,000
Charges on Instalment Plan		9	3,610	3,500
<i>Total Charges</i>		9	3,610	3,500

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

						2009/2010		2008/2009
						Actual		Actual
25. FEES & CHARGES						\$		\$
	General Purpose Funding					27,387		48,363
	Governance					0		432
	Law, Order, Public Safety					4,435		6,731
	Health					3,084		2,551
	Education & Welfare					14,058		0
	Housing					60,095		43,277
	Community Amenities					206,230		168,445
	Recreation & Culture					130,180		72,407
	Transport					66,013		70,413
	Economic Services					291,325		218,192
	Other Property & Services					28,131		24,703
						830,938		655,514
	There were no changes during the year to the amount of the fees or charges detailed in the original budget.							
						2009/2010	2009/2010	2008/2009
						Actual	Budget	Actual
26. COUNCILLORS' REMUNERATION						\$	\$	\$
	The following fees, expenses and allowances were paid to council members and/or the president.							
	Meeting Fees					21,691	27,000	24,922
	Travelling Expenses					3,329	22,000	19,763
	Telecommunications					8,332	8,000	8,332
	President's Allowance					6,084	6,000	6,000
	Deputy President's Allowance					865	0	0
						40,301	63,000	59,017

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

27. EMPLOYEES' REMUNERATION

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

Salary Range	2009/2010	2008/2009
\$		
100,000 - 110,000	3	2
190,000 - 200,000	<u>1</u>	<u>1</u>

28. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

2009/2010	2008/2009
<u>32</u>	<u>34</u>

29. MAJOR LAND TRANSACTIONS

No major land transactions were completed during the period

30. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No trading undertakings or major trading undertakings occurred during the period

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

31. DISPOSAL & REPLACEMENT OF ASSETS

(a) The following assets were purchased during the year

	Asset No	G/L Account	Work In Progress	New Purchase	Asset Value	Budget \$
Furniture and Fittings						
VISITOR CENTRE ALTERNS/EQUIP	3095	00130801		995	995	3,000
OFFICE FURNITURE AND EQUIPMENT	3096	00450702		7,329	7,329	8,940
OFFICE COMPUTERS PRINTER SOFT	3097-99	00450721		16,617	16,617	10,000
Office Equipment - Major Items		00450723		0	0	5,000
CAPITAL - TV REBROADCAST EQUIP		00119701		0	0	30,000
TELECENTRE PCS - GRANT FUNDED LOTTERYW	3100	00117702		2,127	2,127	
OFFICE COURTYARD FURNITURE		450726		0	0	4,000
<i>sub total</i>				27,068	27,068	60,940
Buildings & Land						
STORMWATER DRAINAGE		00112802		0	0	30,000
SHADE STRUCTURES	3087	00112803	18,870	170,509	189,379	201,130
DOG POUND UPGRADE		00543704		0	0	100,000
COUNCIL CHAMBER RENOVATIONS	3007	00410740		12,946	12,946	5,000
DEPOT-EXTENSIONS CHEMICAL SHED, SAFE ROOM		00148703		0	0	100,000
OVAL PAVILLION - 3 PHASE POWER	60	00115702		31,575	31,575	35,000
RELOCATION DROP IN CENTRE		00855756		0	0	510,000
CAPITAL-285 WELMAN RD	75	00941931		19,600	19,600	18,500
CAPITAL - 172 KINIVAN PMO	7059	00941932		29,910	29,910	28,000
CAPITAL 175 BRIDGE	76	00951703		14,323	14,323	10,000
CAPITAL-KINIVAN ST UNITS	3029	00951704		14,948	14,948	16,000
CAPITAL-123B ROBERTA		00951706		0	0	8,500
CAPITAL-120 ROBERTA	77	00951707		26,633	26,633	34,500
CAPITAL-DEPOT RESIDENCE	67	00951708		23,652	23,652	18,500
CAPITAL-RACECOURSE HOUSE	3003	00951709		10,334	10,334	26,000
CAPITAL-123A ROBERTA	3006	00951711		7,250	7,250	10,000
186 JOHN FLYNN STREET	3123	00951712	181,672	1,683,968	1,865,640	1,584,263
DARCY ST CONVERSION (CAPITAL)	80	00951716	16,704	444,545	461,249	370,431
CAPITAL - 2/172 KINIVAN STREET		00951722		0	0	16,000
CONSTRUCTION 122 ROBERTA		00951725		0	0	300,000
237 QUILTY ST CONSTRUCTION		00951726		0	0	1,414,097
CIVIC HALL - EXTERNAL PAINT		00114704		0	0	20,000
LOT 1 WILKINSON STREET	1015	00951729		249,170	249,170	0
LOT 237 QUILTY STREET	1013	00951724	212,143	0	212,143	0
<i>sub total</i>			429,389	2,739,361	3,168,750	4,855,921

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

31 (a) DISPOSAL & REPLACEMENT OF ASSETS (continued)

	Asset No	G/L Account	Work In Progress	New Purchase	Asset Value	Budget \$
Plant and Equipment						
DOG CONTROL - RIFLE	7024	00543706		846	846	0
4X4 RANGER TRAY BACK	3091	00543701		53,161	53,161	55,000
PORTABLE CAR FRIDGE-DOG CONTRL		00543703		0	0	3,000
DOG CAGES (PORTABLE)	7025	00543705		1,575	1,575	3,000
VEHICLE - ABORIGINAL HEALTH		00722701		0	0	55,000
DATA FUEL SYSTEM (DEPOT)		00148707		0	0	10,000
09/10 NEW GRADER		00123742		0	0	400,000
09/10 TRUCK W/TIPPING TRAY	2540	00123743		173,863	173,863	85,000
09/10 TRUCK W/CRANE	2540	00123744		1,835	1,835	85,000
09/10 KITCHEN & ABLUTION VAN		00123745		0	0	100,000
09/10 ACCOMMODATION VAN		00123746		0	0	100,000
09/10 3PHASE GEN & BORE PUMP		00123747		0	0	15,000
09/10 DINGO DIGGER (INC TRENCHER, BORER)	7062	00123748		46,843	46,843	60,000
09/10 DUAL CAB UTE 4WD	3090	00123749		45,152	45,152	42,000
09/10 HEAVY DUTY PRESSURE WASHER	1093	00123750		3,826	3,826	5,000
NEW VEHICLE - TOWN PLANNER		00106700		0	0	52,000
NEW AIRPORT UTILITY VEHICLE(INSURANCE C	1014	00123751		41,874	41,874	0
NEW VEHICLE 09/10 PMO	3089	00450727		56,170	56,170	55,000
0910 ROADWISE SPEED TRAILER	3092	00148872		18,080	18,080	0
<i>sub total</i>			0	443,227	443,227	1,125,000
Infrastructure - Roads						
DUNCAN ROAD	5103	120006		210,950	210,950	0
TANAMI ROAD	5103	120010		108,633	108,633	0
TANAMI - 207 - 217SLK	5103	120018		2,151,244	2,151,244	2,766,504
BALGO ROAD	5103	120208		119,526	119,526	119,526
BECKETT-SEAL/REFORM		120217		0	0	535,000
LAKE GREGORY 45SLK	5103	120209		288,281	288,281	289,697
RB CREEK		120601		0	0	39,126
FORREST RIVER		120602		0	0	15,000
OLD TOWN		120605		0	0	15,000
RED HILL ROAD		120606		0	0	300,000
F'PATHS KERBS WHEELCHAIR RAMPS	5103	120608		59,239	59,239	60,000
GORDON DOWNS	5103	120304		51,304	51,304	93,000
NICHOLSON TOWN CAMP SEAL		120609		0	0	200,000
DUNCAN ROAD ELVIRE CROSSING		120403		0	0	416,241
FLOOD DAMAGE TANAMI ROAD	5103	120504		56,300	56,300	56,333
<i>sub total</i>			0	3,045,478	3,045,478	4,905,427
Infrastructure - Other						
CEMETERY IMPROVEMENTS	7060	00108701		29,920	29,920	100,000
REFUSE SITE - IMPROVEMENTS	7007	00101701		15,989	15,989	30,000
PUBLIC TOILETS/DUMP POINT		00108702		0	0	100,000
RACE/RODEO GROUND IMPROVEMENTS	1016	00115701	6,156	29,506	35,662	56,884
WATER LINE		00128705		0	0	0
Airport Sealing RADS funded		00128716		0	0	0
RAFP - GRANT EXPENDITURE		00128714		0	0	0
RELOCATION NON-DIRECTIONAL BEACON		00128718		0	0	143,000
CAPITAL - EXTEND OVAL BORE		00115703		0	0	0
CAPITAL - NEW BORE 71 THOMAS		00110701		0	0	0
CAPITAL - OVAL FENCING	3101	00115704		254,391	254,391	300,000
CAPITAL - CONCRETE DRAINAGE		00128717		0	0	0
SECURITY LIGHTING	548	00571702		39,722	39,722	40,000
STAND PIPE AND WATER TANK (DEPOT)		00148706		0	0	50,000
PLAYGROUND EQUIPMENT		00112804		0	0	20,000
<i>sub total</i>			6,156	369,528	375,684	839,884
Total Assets			435,545	6,624,661	7,060,206	11,787,172

Shire of Halls Creek Annual Report for Year Ended 30 June 2010

31. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

(b) The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		Profit (Loss)	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Buildings									
Shed - Fuel Bowser	3013	3,078	1,846	1,232	0	0	0	(1,232)	0
Fuel Bowser - Fuel Data	321	15,520	15,520	0	0	0	0	0	0
<i>sub total</i>		<i>18,598</i>	<i>17,366</i>	<i>1,232</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(1,232)</i>	<i>0</i>
Plant and Equipment									
Bob Cat - Skid Steer	1569	65,804	65,804	0	0	8,636	0	8,636	0
Bob Cat - Skid Steer	1601	44,520	15,585	28,935	0	15,455	0	(13,480)	0
Toyota Hi Lux	3061	39,520	20,177	19,343	16,153	18,636	15,000	(707)	(1,153)
Toyota Prado	3064	44,789	16,320	28,469	30,741	24,546	25,000	(3,923)	(5,741)
Toyota Hi Lux	7033	23,132	6,173	16,959	0	28,285	0	11,326	0
<i>sub total</i>		<i>217,765</i>	<i>124,059</i>	<i>93,706</i>	<i>46,894</i>	<i>95,558</i>	<i>40,000</i>	<i>1,852</i>	<i>(6,894)</i>
		236,363	141,425	94,938	46,894	95,558	40,000	620	(6,894)

32. 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 express 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.

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	14,877,373	8,400,143	14,877,373	8,400,143
Receivables	400,029	1,574,089	400,029	1,574,089
	<u>15,277,402</u>	<u>9,974,232</u>	<u>15,277,402</u>	<u>9,974,232</u>
Financial Liabilities				
Payables	833,376	1,111,757	833,376	1,111,757
Borrowings	1,596,161	706,030	1,580,199	698,970
	<u>2,429,537</u>	<u>1,817,787</u>	<u>2,413,575</u>	<u>1,810,727</u>

Fair value is determined as follows:

- Cash and Cash equivalents, Receivables and Payables – estimated to the carrying value which approximates net market value
- Borrowings – estimated future cash flow 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 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.

32. FINANCIAL RISK MANAGEMENT (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-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	148,774	84,001
- Income Statement	148,774	84,001

Notes:

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

(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.

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	45.09%	52.81%
- Overdue	54.91%	47.19%
Percentage of Other Receivables		
- Current	67.44%	93.81%
- Overdue	32.56%	6.19%



**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 2010 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, 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 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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**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 significant adverse trends in the financial position or the financial management practices of the Shire.
- b) 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', written over a horizontal line.

DAVID TOMASI
PARTNER

Date: 28 September 2010
Perth, WA
2010 Year End AO6