



SHIRE OF HALLS CREEK

ANNUAL REPORT

2006 - 2007

TABLE OF CONTENTS

1.0	SHIRE PRESIDENT'S REPORT	1
2.0	CHIEF EXECUTIVE OFFICER'S REPORT	2
3.0	STATUTORY REPORTS	
3.1	National Competition Policy	3
3.2	Disability Services Act	3
3.3	Records Management	4
3.4	Plan For The Future Of The District	4
3.5	Freedom Of Information	4
4.0	ANNUAL FINANCIAL REPORT (Includes Auditor's Report)	5

Shire President's Report 2006/2007

Welcome all to the 2006/2007 Annual Report.

After many years of hard work discussing and planning for a swimming pool in Halls Creek it finally became a reality in July with the opening of the magnificent Halls Creek Aquatic and Recreation Centre.

The centre was officially opened by the Premier Mr Allan Carpenter and was christened by the Member for Central Kimberley/Pilbara The Honorable Tom Stephens who dived into the pool at the conclusion of the opening ceremony and swam the first lap.

After some eleven years at the Shire, nine years as CEO, Peter McConnell and his wife Carmel left to take up a position at the Mt Magnet Shire.

Tony Richmond and his family were welcomed to Halls Creek and Tony took over the role as our new CEO in July in time to open the pool.

Landcorp have commenced planning work on the new Bridge Street Sub-division. It is hoped that building of the first stage will be commenced in the very near future.

Re-establishment of a Child Care Centre is a step closer to becoming a reality in Halls Creek with an agreement by senior officials from the Department of Community Development to appoint a qualified person to work through a range of issues in a view to opening up another service. It is likely that the new venture will be a four-way partnership involving the Commonwealth Department of Employment and Workplace Relations, the Ngonjuwah Aboriginal Corporation, Department for Community Development and the Shire of Halls Creek.

Halls Creek is a great place to live but we all need to work together to achieve the best we can for our town.



Lynette (Jim) Craig
Shire President

Chief Executive Officer's Report

It is difficult for me to report on the year ended 30 June 2007 as I was not employed here during the reporting period. Furthermore, it is difficult to access records relating to the subject period as there was not a functional document management system operating during the subject year.

The financial situation of the council appears to have improved throughout the year; this is mainly due to many of the budgeted projects not being implemented.

I am grateful to the staff who were employed here during the year; it was obviously a very difficult period and they soldiered on bravely, doing their best to keep the Shire functioning.

The financial statements for the year were prepared well in advance of the statutory deadline, and it is certainly not due to lack of performance of the finance section that this Annual Report is late in being presented. The final Council meeting for 2007 (at which the Annual Report should have been presented in order to comply with the statutory requirements) was held on 13 December. Other than the financial statements, preparation of the Annual Report had not yet commenced when I took up my duties on 17 December 2007.

I am grateful to Mr Gary Martin for acting as CEO until my arrival; I am also grateful to our consultant, Mr Peter Voros, for his assistance in preparation of this Annual Report.

A handwritten signature in black 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 principals agreed to by the State and Commonwealth Governments in 1995.

Based on the premise of "competitive neutrality" 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 authorities as the result of the ownership of a business entity.

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

The Shire of Halls Creek during 2006 - 2007 did not have any significant business undertakings that met this criteria and therefore was not required to undertake such an assessment.

The Shire continually monitors its activities to ensure compliance with the principals of the National Competition Policy.

3.2 Disability Services Act

The Shire of Halls Creek in 2004 prepared and implemented a Disability Access and Inclusion Plan in accordance with the Disability Services Act 1993. This was to ensure that Council services and facilities are available to all members of the community. That plan will undergo a review in 2007 - 2008 in accordance with an obligation to review it within a five year period.

The Local Government Act 1995 requires Council to report annually on the five key outcomes for people with disabilities. These key outcomes are:

- Existing functions, facilities and services are adapted to meet the needs of people with disabilities.
- Access to buildings and facilities is improved
- Information about functions, facilities and services is provided in formats, which meet the communication requirements of people with disabilities.
- Staff awareness of the needs of people with disabilities, and skills in delivering advice and services are improved.
- Opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes are provided.

The Shire of Halls Creek is committed to the above outcomes and ensures that all buildings and future works conform to the required standards. Staff are aware of these requirements and monitor the provision of facilities to ensure compliance.

3.3 Records Management

The Shire of Halls Creek is required to have a Record Keeping Plan approved by the State Records Commission. It is also a requirement of the Commission that the Shire includes a statement in the Annual Report regarding this Record Keeping Plan. In compliance with these requirements the following statement has been prepared and approved by the State Records Commission:

“The State Records Commission approved the Shire of Halls Creek Record Keeping Plan in 2004. It is a requirement of the State Records Act that the Shire utilise this approved RKP. A review of this plan will be undertaken at least every five years.

The approved RKP provides for staff training and development using a number of initiatives, which will be reviewed from time to time, or as required by other legislation. There are strategies in place to ensure staff are aware of their roles and responsibilities under the RKP requirements.”

During the latter part of 2006 - 2007 due to high staff turnover and protracted vacancies it was not possible to ensure that all facets of the Record Keeping Plan, particularly those relating to staff induction and training, were always complied with. During 2007 - 2008 a dedicated Records Officer is to be engaged and a new electronic records system is to be implemented. The Record Keeping Plan will also be reviewed in accordance with legislative requirements.

3.4 Plan For The Future Of The District

The Local Government Act at section 5.53(2)(e) states that the Annual Report is to include *'an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year'*.

The plan for the future is an overview of significant activities and programs proposed by the Shire for the community over a four year period. Council is required to review this plan every two years. The Shire of Halls Creek did not have a current plan for the future in 2006 - 2007, but proposes to develop one in 2007 - 2008.

3.5 Freedom Of Information

In accordance with the requirements of section 96 of the Freedom of Information Act 1992 (FOI) the Shire of Halls Creek is required to publish an annual Freedom of Information Statement.

The statement advises that in the 2006 - 2007 reporting year no FOI applications were received by the Shire.

**SHIRE OF HALLS
CREEK**

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2007**

SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Income Statement by Programme	3
Income Statement by Nature or Type	4
Balance Sheet	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	
<i>Note</i> 1 Significant Accounting Policies	9
2 Statement of Objectives	15
3 Revenues and Expenses	17
4 Cash and Cash Equivalents	18
5 Trade and Other Receivables	18
6 Inventories	18
7 Property, Plant, Equipment and Infrastructure	19
8 Trade and Other Payables	20
9 Provisions	20
10 Long Term Borrowings	20
11 Reserves	21
12 Economic Dependency & Grants	24
13 Notes to the Statement of Cash Flows	26
14 Capital and Leasing Commitments	27
15 Trust Funds	27
16 Assets by Function and Activity	28
17 Financial Ratios	28
18 Long Term Borrowings (Detail)	29
19 Rating	30
20 Specified Area Rate	31
21 Service charges	31
22 Discounts, Incentives and Write Offs	31
23 Interest Charges and Installments	31
24 Fees and Charges	32
25 Councillors Remuneration	32
26 Employees Remuneration	33
27 Employee Numbers	33
28 Major Land Transactions	33
29 Major Trading Undertakings	33
30 Disposal and Replacement of Assets	34
31 Interest Rate Risk	37
Auditor's Report	38

SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

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 2007 are in my opinion properly drawn up to present fairly the financial position of the Shire of Halls Creek as at 30 June 2007 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 2nd day of November 2007



A (Andrea) Nunan
ACTING CHIEF EXECUTIVE OFFICER

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

SHIRE OF HALLS CREEK

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

INCOME STATEMENT BY PROGRAMME

	NOTE	2006/2007 Actual \$	2006/2007 Budget \$	2005/2006 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		25,000	32,050	36,195
General Purpose Funding		3,974,755	3,831,990	3,433,612
Law, Order, Public Safety		36,195	19,238	23,468
Health		150,149	149,050	116,517
Education and Welfare		159,421	163,213	273,833
Housing		56,287	60,475	67,483
Community Amenities		168,219	163,750	142,024
Recreation and Culture		358,848	266,485	2,672,451
Transport		2,754,076	3,498,339	2,826,736
Economic Services		198,899	203,480	167,892
Other Property and Services		296,639	162,747	151,687
		<u>8,178,488</u>	<u>8,550,817</u>	<u>9,911,898</u>
EXPENSES FROM ORDINARY ACTIVITIES				
(Excluding Borrowing Costs expense)				
Governance		(544,313)	(607,356)	(491,756)
General Purpose Funding		(107,464)	(121,689)	(184,765)
Law, Order, Public Safety		(116,366)	(155,953)	(130,619)
Health		(256,149)	(273,099)	(212,358)
Education and Welfare		(308,608)	(408,102)	(321,083)
Housing		(2,088)	(12,826)	(228,339)
Community Amenities		(336,407)	(645,920)	(471,565)
Recreation & Culture		(1,094,417)	(1,457,238)	(1,144,127)
Transport		(2,454,511)	(5,265,201)	(3,367,503)
Economic Services		(328,390)	(449,547)	(420,610)
Other Property and Services		(704,715)	(680,734)	(238,041)
		<u>(6,253,428)</u>	<u>(10,077,665)</u>	<u>(7,210,766)</u>
BORROWING COST EXPENSE				
	3			
Governance		(8,265)	(4,216)	(4,169)
Housing		(50,702)	(50,702)	(54,973)
Transport		(555)	(555)	(2,691)
Net Result		<u><u>1,865,538</u></u>	<u><u>(1,582,321)</u></u>	<u><u>2,639,299</u></u>

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

SHIRE OF HALLS CREEK

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

INCOME STATEMENT BY NATURE OR TYPE

	NOTE	2006/2007 Actual \$	2006/2007 Budget \$	2005/2006 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	19	1,028,129	1,014,937	941,468
Grants and Subsidies - operating	12	3,844,559	3,889,341	3,384,157
Contributions Reimbursements and Donations		157,717	167,050	166,741
Service Charges	21	7,625	7,675	7,675
Fees and Charges	24	696,670	606,715	603,083
Interest Earnings	3	117,754	11,873	49,936
Other Revenue		465,933	0	9,091
		<u>6,318,387</u>	<u>5,697,591</u>	<u>5,162,151</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,758,998)	(2,523,756)	(1,657,253)
Materials and Contracts		(1,263,350)	(1,848,839)	(1,912,220)
Utilities (gas, electricity, water, etc)		(308,770)	(203,000)	(256,892)
Depreciation on Non-current Assets	3	(2,654,524)	(5,244,600)	(3,155,106)
Insurance		(236,053)	(237,068)	(210,712)
Interest on Debentures	3	(59,522)	(55,473)	(61,833)
		<u>(6,281,217)</u>	<u>(10,112,736)</u>	<u>(7,254,016)</u>
		37,170	(4,415,145)	(2,091,865)
Grants and Subsidies - non-operating	12	1,830,454	2,370,979	4,721,832
Profit on Asset Disposals	30(b)	29,647	482,247	27,915
Loss on Asset Disposals	30(b)	(31,733)	(25,402)	(18,583)
NET RESULT		<u><u>1,865,538</u></u>	<u><u>(1,587,321)</u></u>	<u><u>2,639,299</u></u>

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

SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

BALANCE SHEET

	NOTE	2006/2007 Actual \$	2005/2006 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	2,644,468	1,432,025
Trade and Other Receivables	5	518,569	751,103
Inventories	6	98,618	112,783
TOTAL CURRENT ASSETS		3,261,655	2,295,911
NON-CURRENT ASSETS			
Property, Plant and Equipment	7(a)	18,284,805	18,373,317
Infrastructure	7(b)	6,340,067	6,060,290
TOTAL NON-CURRENT ASSETS		24,624,872	24,433,607
TOTAL ASSETS		27,886,527	26,729,518
CURRENT LIABILITIES			
Trade and Other Payables	8	348,822	1,006,519
Provisions	9	111,008	59,093
Long Term Borrowings	10	88,038	98,636
TOTAL CURRENT LIABILITIES		547,868	1,164,248
NON-CURRENT LIABILITIES			
Provisions	9	36,655	40,766
Long Term Borrowings	10	793,546	881,584
TOTAL NON-CURRENT LIABILITIES		830,201	922,350
TOTAL LIABILITIES		1,378,069	2,086,598
NET ASSETS		26,508,458	24,642,920
EQUITY			
Retained Surplus		23,983,982	22,239,097
Reserves - Cash Backed	11	859,989	739,336
Reserves - Asset Revaluation	11	1,664,487	1,664,487
TOTAL EQUITY		26,508,458	24,642,920

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

SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

STATEMENT OF CHANGES IN EQUITY

	NOTE	2006/2007 Actual \$	2005/2006 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2006		22,239,097	18,856,203
Correction of Errors	3	0	(172,460)
Restated Balance		<u>22,239,097</u>	<u>18,683,743</u>
Net Result	3	1,865,538	2,639,299
Transfer from/(to) Reserves		(120,653)	916,055
Balance as at 30 June 2007		<u>23,983,982</u>	<u>22,239,097</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2006		739,336	1,655,391
Amount Transferred (to)/from Retained Surplus		120,653	(916,055)
Balance as at 30 June 2007	11	<u>859,989</u>	<u>739,336</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2006		1,664,487	1,664,487
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2007	11	<u>1,664,487</u>	<u>1,664,487</u>
TOTAL EQUITY		<u>26,508,458</u>	<u>24,642,920</u>

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

SHIRE OF HALLS CREEK

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

CASH FLOW STATEMENT

	NOTE	2006/2007 Actual \$	2006/2007 Budget \$	2005/2006 Actual \$
Cash Flows From				
Operating Activities				
Receipts				
Rates		936,637	937,531	1,020,791
Grants and Subsidies - operating		3,811,559	4,208,410	3,682,124
Contributions, Reimbursements & Donations		157,717	167,050	175,741
Service Charges		7,625	7,675	7,675
Fees and Charges		923,377	551,036	670,900
Interest Earnings		117,754	11,873	49,936
Goods and Services Tax		655,378	1,081,605	815,317
Other		465,933	0	9,091
		<u>7,075,980</u>	<u>6,965,180</u>	<u>6,431,575</u>
Payments				
Employee Costs		(1,715,884)	(2,519,620)	(1,722,867)
Materials and Contracts		(1,830,090)	(2,112,577)	(1,523,143)
Utilities (gas, electricity, water, etc)		(381,661)	(203,000)	(256,892)
Insurance		(236,053)	(237,068)	(210,712)
Interest		(58,733)	(55,473)	(33,774)
Goods and Services Tax		(641,780)	(1,065,315)	(910,438)
Other		0	5,000	0
		<u>(4,864,201)</u>	<u>(6,188,053)</u>	<u>(4,657,826)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>2,211,779</u>	<u>777,127</u>	<u>1,773,749</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(899,356)	(897,945)	(5,862,979)
Payments for Construction of				
Infrastructure		(2,053,019)	(3,430,396)	(2,106,677)
Grants and Contributions for				
the Development of Assets		1,947,175	2,370,979	4,876,832
Proceeds from Sale of				
Plant & Equipment		104,500	590,000	176,406
Net Cash Provided By (Used In)				
Investing Activities		<u>(900,700)</u>	<u>(1,367,362)</u>	<u>(2,916,418)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(98,636)	(98,635)	(92,495)
Proceeds from Self Supporting Debentures		0	0	0
Proceeds from new Debentures		0	0	150,000
Net Cash Provided By (Used In)				
Financing Activities		<u>(98,636)</u>	<u>(98,635)</u>	<u>57,505</u>
Net Increase (Decrease) in Cash Held		1,212,443	(688,870)	(1,085,164)
Cash at Beginning of year		1,432,025	1,432,025	2,517,189
Cash at End of Year	13(a)	<u><u>2,644,468</u></u>	<u><u>743,155</u></u>	<u><u>1,432,025</u></u>

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

SHIRE OF HALLS CREEK

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

RATE SETTING STATEMENT

	NOTE	2006/2007 Actual \$	2006/2007 Budget \$
OPERATING REVENUES			
Governance		25,000	32,050
General Purpose Funding		2,946,626	2,817,053
Law, Order, Public Safety		36,195	19,238
Health		150,149	149,050
Education and Welfare		159,421	163,213
Housing		56,287	60,475
Community Amenities		168,219	163,750
Recreation and Culture		358,848	266,485
Transport		2,754,076	3,498,339
Economic Services		198,899	203,480
Other Property and Services		296,639	162,747
		<u>7,150,359</u>	<u>7,535,880</u>
OPERATING EXPENSES			
Governance		(552,578)	(611,572)
General Purpose Funding		(107,464)	(121,689)
Law, Order, Public Safety		(116,366)	(155,953)
Health		(256,149)	(273,099)
Education and Welfare		(308,608)	(408,102)
Housing		(52,790)	(63,528)
Community Amenities		(336,407)	(645,920)
Recreation & Culture		(1,094,417)	(1,457,238)
Transport		(2,455,066)	(5,265,756)
Economic Services		(328,390)	(449,547)
Other Property and Services		(704,715)	(680,734)
		<u>(6,312,950)</u>	<u>(10,133,138)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
(Profit)/Loss on Asset Disposals		2,086	(456,845)
Depreciation on Assets		2,654,524	5,244,600
Accruals - Long Service, Annual & RDO Leave		47,804	0
Capital Expenditure and Income			
Purchase Land and Buildings		(307,871)	(230,000)
Purchase Infrastructure Assets - Roads		(2,026,646)	(3,055,430)
Purchase Plant and Equipment		(540,902)	(562,445)
Purchase Furniture and Equipment		(50,583)	(105,500)
Purchase Infrastructure - Other		(26,373)	(374,966)
Proceeds from Disposal of Assets		104,500	590,000
Repayment of Debentures		(98,636)	(98,635)
Proceeds from Debentures		0	0
Transfers to Reserves (Restricted Assets)		(153,416)	(34,873)
Transfers from Reserves (Restricted Assets)		32,763	31,054
Restricted Monies Movement		0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		550,056	635,361
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,052,844	0
Amount Req'd to be Raised from Rates	19	<u>(1,028,129)</u>	<u>(1,014,937)</u>

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

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The report is a general purpose financial report which has been prepared in accordance with applicable Australia Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 and its accompanying regulations (as amended) where required.

The report has also been prepared on the accrual basis under the convention of historical cost accounting.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.*
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.*

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;*
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and*
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.*

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

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.

Monies held in the Trust Fund, which Council holds in a custodial role are excluded from the financial statements but a separate statement of those monies appears at Note 15 to this financial report.

(c) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or at independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads is excluded from infrastructure in accordance with legislative requirements.

As at 01 July 2004, Council elected to revert to the cost basis for measuring all land and buildings and all infrastructure assets that were being carried at a revalued amount at the immediately preceeding reporting date being 30 June 2004.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on application of AASB 1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards".

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Land Held for Resale

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

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

There was no land held for resale as at 30 June 2007.

(e) Depreciation of Non-Current Assets

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

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

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

(f) Capitalisation of Assets

Capital expenditure is an amount expended to acquire future services potential or economic benefits. This will be recognised where it can be clearly identified that the expenditure represents a single purchase or acquisition, except in the case of computer equipment and other peripherals (including landing, freight, commissioning, design, appraisals & other such costs) in excess of the following thresholds:

Land	0
Buildings	\$5,000
Plant and Equipment	\$3,000
Office Furniture & Equipment	\$1,500
Mobile plant and Vehicles	\$3,000
Tools	\$1,500
Roads Sealed	\$5,000
Roads Unsealed	\$5,000
Footpaths	\$5,000
Other Infrastructure	\$2,000

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present 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.

Currently the Shire of Halls Creek leases one motor vehicle for Executive Manager, Community Development and mowers for oval maintenance

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Employee Benefits

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

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

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

(ii) Annual Leave and Long Service Leave (Long Term Benefits)

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(iii) Rates, Grants, Donations and Other Contributions

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

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

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Superannuation

The Shire of Halls Creek contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

(k) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 31.

(l) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(m) Net Fair Values

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value.

(o) Rounding of Amounts

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

(p) Comparative Figures

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

(q) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and Payables in the Statement of Financial Position are stated inclusive of applicable GST.

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Impairment

In accordance with Australian Accounting Standards the Shire'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.

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

2. STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS

*The Principal place of Business of the Local Government is:
The Shire of Halls Creek
Thomas Street, Halls Creek, WA 6770*

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

Maintenance of staff and rental housing

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

2. STATEMENT OF OBJECTIVES (Continued)

TRANSPORT

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

ECONOMIC SERVICES

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

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

OTHER PROPERTY & SERVICES

Private Works

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

Public Works Overheads

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

Plant Operation Costs

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

Salaries & Wages

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

Misc/Unclassified

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

3. REVENUES AND EXPENSES	NOTE	2006/2007 Actual \$	2005/2006 Actual \$
Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		8,518	16,909
- Other Services		0	0
Doubtful Debts			
- Rate Debtors		30,124	24,770
- Sundry Debtors		101,876	105,230
Depreciation			
- Buildings		550,792	369,807
- Furniture and Equipment		58,037	63,985
- Plant		272,454	318,151
- Infrastructure - Roads		1,507,368	2,154,706
- Infrastructure - Other		265,873	248,457
		<u>2,654,524</u>	<u>3,155,106</u>

During the year, it was discovered a number of fixed assets in the asset register had not been depreciated since 1 July 2004. The total amount of this depreciation expense that had not been correctly charged for the years ended 30 June 2004, 30 June 2005 and 30 June 2006 was calculated at \$285,292. This related to each of the years as follows:

	\$
Years ended 30 June 2004 and 2005	172,460
Year ended 30 June 2006	112,832
	<u>285,292</u>

The \$172,460 was adjusted against opening retained surplus in the 2006 comparative year (refer Statement of Changes in Equity) and the \$112,832 was adjusted via the Income Statement for the 2006 Comparative year.

Depreciation in relation to these assets for the year ended 30 June 2007 was charged as per normal and is reflected in the balances for the year ended 30 June 2007.

		2006/2007 Actual \$	2005/2006 Actual \$
Interest Expenses			
- Debentures	18	<u>59,522</u>	<u>61,833</u>
Rental Charges			
- Operating leases		<u>14,751</u>	<u>17,553</u>
(ii) Crediting as Revenues:			
		2006/2007 Actual \$	2005/2006 Actual \$
Interest Earnings			
- Investments			
- Reserve Funds		41,176	39,192
- Municipal Funds		54,038	10,744
- Other Interest Earnings	23	22,540	0
		<u>117,754</u>	<u>49,936</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2006/2007 Actual \$	2005/2006 Actual \$
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		1,785	500
Cash at Bank		2,642,683	1,431,525
		<u>2,644,468</u>	<u>1,432,025</u>
Represented by:			
Unrestricted		889,002	(647,488)
Restricted		1,755,466	2,079,513
		<u>2,644,468</u>	<u>1,432,025</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee leave Reserve	11	35,777	33,910
Road making plant Reserve	11	206,170	195,411
Staff Housing Reserve	11	146,766	56,420
Recreation Reserve	11	0	0
Swimming Pool Reserve	11	0	0
Airport Operating	11	422,372	400,332
Aboriginal EHO Vehicle	11	25,472	0
Office Redevelopment	11	23,432	22,210
Computer Upgrade	11	0	31,053
	<i>sub total</i>	859,989	739,336
Unspent Grants		895,477	1,340,177
		<u>1,755,466</u>	<u>2,079,513</u>
5. TRADE and OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		318,209	241,593
Sundry Debtors		250,836	544,388
GST Receivable		81,524	95,122
Less Provision for Doubtful Debts		(132,000)	(130,000)
		<u>518,569</u>	<u>751,103</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		98,618	112,783
		<u>98,618</u>	<u>112,783</u>

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

	2006/2007 Actual \$	2005/2006 Actual \$
7a. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	1,612,000	1,612,000
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	1,612,000	1,612,000
Buildings - Cost	16,634,218	16,326,348
Less Accumulated Depreciation	<u>(2,087,151)</u>	<u>(1,536,359)</u>
	14,547,067	14,789,989
Furniture and Equipment - Cost	557,839	592,340
Less Accumulated Depreciation	<u>(405,213)</u>	<u>(432,262)</u>
	152,626	160,078
Plant & Equipment	4,546,515	4,219,983
Less Accumulated Depreciation	<u>(2,573,403)</u>	<u>(2,408,733)</u>
	1,973,112	1,811,250
Total Property Plant & Equipment	<u>18,284,805</u>	<u>18,373,317</u>
7b. INFRASTRUCTURE		
Infrastructure - Other	4,456,477	4,430,105
Less Accumulated Depreciation	<u>(2,901,944)</u>	<u>(2,636,071)</u>
	1,554,533	1,794,034
Infrastructure - Roads	67,887,950	65,861,304
Less Accumulated Depreciation	<u>(63,102,416)</u>	<u>(61,595,048)</u>
	4,785,534	4,266,256
Total Infrastructure	<u>6,340,067</u>	<u>6,060,290</u>
CLOSING BALANCES	<u>24,624,872</u>	<u>24,433,607</u>

Effective from 01 July 2004, Council resolved that the valuation of land, buildings and all other infrastructure be the deemed cost, and that all assets acquired from 01 July 2004 be valued using the cost method, in accordance with Australian Accounting Standards.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other plant and equipment asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

7c. Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Mobile Plant/ Vehicles \$	Infrastructure Other \$	Infrastructure Roads \$	Total \$
Balance as at 1 July 2006	16,401,989	160,078	1,811,250	1,794,034	4,266,256	24,433,607
Additions	307,871	50,583	540,902	26,373	2,026,646	2,952,375
Disposals		(85,085)	(214,370)			(299,455)
Revaluations - Increment						
- (Decrement)						
Impairment - (Losses)						
- Reversals						
Depreciation Operating Expense	(550,792)	(58,037)	(272,454)	(265,873)	(1,507,368)	(2,654,524)
Depreciation Written Back (Disposals)		85,085	107,784			192,869
Balance as at 30 June 2007	<u>16,159,068</u>	<u>152,624</u>	<u>1,973,112</u>	<u>1,554,534</u>	<u>4,785,534</u>	<u>24,624,872</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

	2006/2007 Actual \$	2005/2006 Actual \$
8. TRADE AND OTHER PAYABLES		
Current		
Creditors - Sundry	256,859	825,764
Accrued Interest on Debentures	28,848	28,059
Accrued Salaries and Wages	63,115	67,805
Accrued Other Expenses	0	84,891
	<u>348,822</u>	<u>1,006,519</u>
9. PROVISIONS		
Current		
Provision for Annual Leave & RDO's	101,347	55,983
Provision for Long Service Leave	9,661	3,110
	<u>111,008</u>	<u>59,093</u>
Non Current		
Provision for Long Service Leave	36,655	40,766
	<u>36,655</u>	<u>40,766</u>
10. LONG TERM BORROWINGS		
Current		
Debentures	88,038	98,636
	<u>88,038</u>	<u>98,636</u>
Non-Current		
Debentures	793,546	881,584
	<u>793,546</u>	<u>881,584</u>
	<u>881,584</u>	<u>980,220</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

00	NOTE	2006/07 Actual \$	2006/07 Budget \$	2005/06 Actual \$
11. RESERVES				
RESERVES - CASH BACKED				
(a) Employee Entitlement				
Opening Balance		33,910	33,910	54,837
Amount Set Aside / Transfer to Reserve		1,867	465	823
Amount Used / Transfer from Reserve		0	0	(21,750)
		<u>35,777</u>	<u>34,375</u>	<u>33,910</u>
(b) Computer Upgrade				
Opening Balance		31,053	31,054	30,489
Amount Set Aside / Transfer to Reserve		1,710	0	564
Amount Used / Transfer from Reserve		(32,763)	(31,054)	0
		<u>0</u>	<u>0</u>	<u>31,053</u>
(c) Office Redevelopment				
Opening Balance		22,210	22,210	22,210
Amount Set Aside / Transfer to Reserve		1,222	305	0
Amount Used / Transfer from Reserve		0	0	0
		<u>23,432</u>	<u>22,515</u>	<u>22,210</u>
(d) Aboriginal EHO Vehicle				
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		25,472	25,271	0
Amount Used / Transfer from Reserve		0	0	0
		<u>25,472</u>	<u>25,271</u>	<u>0</u>
(e) Airport Operating				
Opening Balance		400,332	400,332	400,000
Amount Set Aside / Transfer to Reserve		22,040	5,422	6,004
Amount Used / Transfer from Reserve		0	0	(5,672)
		<u>422,372</u>	<u>405,754</u>	<u>400,332</u>
(f) Plant Replacement				
Opening Balance		195,411	195,411	192,237
Amount Set Aside / Transfer to Reserve		10,759	2,646	3,174
Amount Used / Transfer from Reserve		0	0	0
		<u>206,170</u>	<u>198,057</u>	<u>195,411</u>
(g) Staff Housing				
Opening Balance		56,420	56,420	87,514
Amount Set Aside / Transfer to Reserve		90,346	764	1,556
Amount Used / Transfer from Reserve		0	0	(32,650)
		<u>146,766</u>	<u>57,184</u>	<u>56,420</u>
(h) Aquatic Centre				
Opening Balance		0	0	612,985
Amount Set Aside / Transfer to Reserve		0	0	22,172
Amount Used / Transfer from Reserve		0	0	(635,157)
		<u>0</u>	<u>0</u>	<u>0</u>
(i) Recreation				
Opening Balance		0	0	255,120
Amount Set Aside / Transfer to Reserve		0	0	3,829
Amount Used / Transfer from Reserve		0	0	(258,949)
		<u>0</u>	<u>0</u>	<u>0</u>
(j) TV Rebroadcasting				
Opening Balance		0	0	0
Amount Set Aside / Transfer to Reserve		0	0	0
Amount Used / Transfer from Reserve		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

	2006/07 Actual \$	2006/07 Budget \$	2005/06 Actual \$
11. RESERVES (Continued)			
RESERVES - CASH BACKED (Continued)			
(k) Drainage			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	981
Amount Used / Transfer from Reserve	0	0	(981)
	<u>0</u>	<u>0</u>	<u>0</u>
(l) Rural Transaction			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	89
Amount Used / Transfer from Reserve	0	0	(89)
	<u>0</u>	<u>0</u>	<u>(0)</u>
Total Cash Backed Reserves	<u>859,989</u>	<u>743,156</u>	<u>739,336</u>

All of the cash backed reserve accounts are supported by money held in financial institutions. In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Employee Entitlements

- to be used to fund long service leave requirements.

Computer Upgrade

- to be used for the upgrade of ITVision operating system, InfoLGS, to IT Vision Synergy Soft

Office Redevelopment

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

Aboriginal EHO Vehicle

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

Airport Operating Works

- to be used to maintain airport operating expenses.

Plant Replacement

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

Staff Housing

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

Aquatic Centre

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

Recreation

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

TV Rebroadcasting

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

Drainage

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

Rural Transaction

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

11. RESERVES (Continued)

RESERVES - ASSET REVALUATION

2007
Actual
\$

2006
Actual
\$

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

Buildings and Land

Balance as at 1 July 2006	1,664,487	1,664,487
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2007	<u>1,664,487</u>	<u>1,664,487</u>
Total Asset Revaluation Reserve	<u><u>1,664,487</u></u>	<u><u>1,664,487</u></u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

12. ECONOMIC DEPENDANCY AND GRANTS

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

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

Source of Grant	Purpose of Grant or Contribution	2005/2006 AMOUNTS UNSPENT \$	2006/2007 REVENUE RECOGNISED \$	2006/2007 AMOUNTS UTILISED \$	2006/2007 AMOUNTS UNSPENT \$
		Restricted Monies			Restricted Monies
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
Grants Commission	Untied Financial Assistance Grant	0	2,806,341	2,806,341	0
Grants Commission	Untied Roads Financial Grant	0	516,129	516,129	0
		0	3322470	3322470	0
GOVERNANCE					
DLGRD	Little Fish	0	25000	25000	0
		0	25000	25000	0
LAW, ORDER, & PUBLIC SAFETY					
FESA	Aware Programme	17,289	0	17,289	0
Office Crime Prevention	Community Plan	2,400	0	0	2,400
FESA	Emergency Management	0	33,636	1,475	32,161
Office Crime Prevention	Safety & Crime	11,200	1,200	0	12,400
		30,889	34,836	18,764	46,961
HEALTH SERVICES					
Health Dept	AEHO contribution	31,702	36,960	68,662	0
Health Dept	AEHO contribution	0	110,891	76,758	34,133
		31,702	147,851	145,420	34,133
WELFARE SERVICES					
Office Crime Prevention	Youth Spaces	3,765	0	0	3,765
	Grants/Contribution - King of the Kimberley	7,931	0	7,931	0
	Donation - Halls Creek Youth Service Fundraising	1,927	0	1,927	0
DCD	Youth Development Holiday programme	1,000	0	0	1,000
DCD	Youth Week	970	0	970	0
DHAC	NYSPP Unspent grant	30,889	0	30,889	0
Office Crime Prevention	Tjurabalan workshops	5,000	0	0	5,000
	Special donations/contributions to Youth Services	5,181	0	5,181	0
	Mooditj Programme	0	4,000	907	3,093
	Finding My Place Programme	0	1,182	1,182	0
FACS	Schhol Holiday Programme	0	26,148	26,148	0
Ministry of Justice		0	53,040	53,040	0
DCD		0	29,186	29,186	0
Office Crime Prevention	HYPE contribution	5,000	0	0	5,000
	HYPE contribution (Supplementary)	0	20,000	0	20,000
DCD	HYPE initial contract contribution	14,643	20,000	5,159	29,484
		76,306	153,556	162,520	67,342
RECREATION & CULTURE					
EDWA	Pool Operating Costs	0	30,000	30,000	0
		0	30,000	30,000	0
TRANSPORT					
MRWA	Direct Grant	0	88,951	88,951	0
MRWA	Street Lighting	0	1,895	1,895	0
		0	90,846	90,846	0
OTHER PROPERTY & SERVICES					
Roadwise	Croc Fest (auspiced)	1,364	0	1,364	0
Lotteries	Croc Fest	0	15,000	15,000	0
KDC	Croc Fest	0	25,000	25,000	0
KDC	Healthy Stores Programme	200,000	0	200,000	0
NT Government	Promotion of Tanami	15,000	0	0	15,000
		216,364	40,000	241,364	15,000
TOTAL OPERATING GRANTS		355,261	3,844,559	4,036,384	163,436

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

		2005/2006	2006/2007	2006/2007	2006/2007
Source of Grant	Purpose of Grant or Contribution	AMOUNTS UNSPENT \$	REVENUE RECOGNISED \$	AMOUNTS UTILISED \$	AMOUNTS UNSPENT \$
		Restricted Monies			Restricted Monies
12. ECONOMIC DEPENDANCY AND GRANTS					
NON OPERATING GRANTS (Continued)					
LAW, ORDER, & PUBLIC SAFETY		0	0	0	0
HEALTH SERVICES		0	0	0	0
WELFARE SERVICES					
Office Crime Prevention	Mobile DJ/Disco Trailer	2,098	0	0	2,098
		2,098	0	0	2,098
RECREATION & CULTURE					
Argyle Diamonds	Pool Sails	0	150,000	0	150,000
DCD	Youth & Rec	0	80,000	0	80,000
		0	230,000	0	230,000
TRANSPORT					
Grants Commission	Remote Acces Roads (Gordon Downs)	53,810	0	53,810	0
Remote Access FAGS	Remote Acces Roads (Balgoo)	0	54,000	8,667	45,333
Remote Access FAGS	Remote Acces Roads (Mulan)	0	56,000	56,000	0
Grants Commission	Remote Acces Roads (Tanami)	0	148,000	148,000	0
Main Roads WA	Special - Tanami Funding (Ruby Plains)	0	400,000	106,143	293,857
Main Roads WA	Special - Tanami - Carranya	54,806	144,607	199,413	0
Main Roads WA	Mulan	0	28,000	28,000	0
Main Roads WA	Tanami Rd - Flood Damage	0	40,877	0	40,877
Main Roads WA	Gordon Downs Road Remote	10,692	16,200	26,892	0
Main Roads WA	Duncan Rd - Blackspot	0	51,391	15,300	36,091
Roads To Recovery	Including Aboriginal Access	59,251	480,364	516,009	23,606
Roads To Recovery	Supplementary	440,647	0	380,468	60,179
RRG _ MRWA	Tanami - Carranya	0	70,681	70,681	0
RRG _ MRWA	Duncan Road RRG	39,650	0	39,650	0
RRG _ MRWA	Duncan Road - RRG	113,425	100,294	213,719	0
RRG _ MRWA	Duncan Road - RRG	210,537	0	210,537	0
		982,818	1,590,414	2,073,289	499,943
OTHER PROPERTY & SERVICES					
RADS	Mound Works	0	10,040	10,040	0
		0	10,040	10,040	0
TOTAL NON OPERATING GRANTS		984,916	1,830,454	2,083,329	732,041
TOTAL GRANTS		1,340,177	5,675,013	6,119,713	895,477
There were no Grants or Contributions that are included in Note 12 that were not received.					

SHIRE OF HALLS CREEK

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

13 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	NOTE	2006/2007 Actual \$	2006/2007 Budget \$	2005/2006 Actual \$
Cash - Unrestricted	4	889,002	0	(647,488)
Cash - Restricted	4	<u>1,755,466</u>	<u>743,156</u>	<u>2,079,513</u>
		<u>2,644,468</u>	<u>743,156</u>	<u>1,432,025</u>

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

Net Profit (or Loss)	1,865,538	(1,582,321)	2,752,131
Depreciation	2,654,524	5,244,600	3,042,274
(Profit)/Loss on Sale of Asset	2,086	(456,845)	(9,332)
(Increase)/Decrease in Receivables	230,534	304,334	381,169
Increase/(Decrease) in Doubtful Debts	2,000	0	80,000
(Increase)/Decrease in Inventories	14,165	112,783	(22,853)
Increase/(Decrease) in Payables	(657,697)	(478,581)	499,410
Increase/(Decrease) in Employee Provisions	47,804	4,136	(72,218)
Grants/Contributions for the Development of Assets	(1,947,175)	(2,370,979)	(4,876,832)
Net Cash from Operating Activities	<u>2,211,779</u>	<u>777,127</u>	<u>1,773,749</u>

(c) Credit Standby Arrangements

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

(d) Loan Facilities

Loan Facilities - Current	88,038	88,038	98,636
Loan Facilities - Non-Current	<u>793,546</u>	<u>793,546</u>	<u>881,584</u>
Total Facilities in Use at Balance Date	<u>881,584</u>	<u>881,584</u>	<u>980,220</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

	2006/2007 Actual \$	2005/2006 Actual \$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
There are no finance lease commitments to report for the year ended 30 June 20067		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	12,342	29,002
- later than one year but not later than five years	0	12,342
- later than five years	0	0
	<u>12,342</u>	<u>41,344</u>
(c) Capital Expenditure Commitments	<u>Nil</u>	<u>Nil</u>

15. TRUST FUNDS

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

	Balance 1-Jul-06 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-07 \$
Staff Christmas Club	15,620	35,770	38,460	12,930
Facility Bond Hire	100	0	0	100
BCITF	15,398	15,547	20,874	10,071
Unclaimed wages	2,834	22,223	22,052	3,005
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	80	0	80	0
Tourism Operators	46,956	114,386	128,629	32,713
Retention Fund	0	20,000	20,000	0
DPI Vehicle Licencing	242	183,376	173,266	10,352
COAG & Other Govnts Funds	180,759	20,000	20,300	180,459
	<u>269,654</u>	<u>411,302</u>	<u>423,661</u>	<u>257,295</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2006/2007	2005/2006
	Actual \$	Actual \$
Governance	978,995	1,048,804
General Purpose Funding	291,485	216,870
Law, Order, Public Safety	26,271	30,632
Health	123,309	137,938
Education and Welfare	115,162	125,097
Housing	2,449,409	2,532,245
Community Amenities	52,750	60,693
Recreation and Culture	11,479,610	11,746,932
Transport	7,259,965	7,241,496
Economic Services	148,751	147,825
Other Property and Services	2,316,353	2,199,132
Unallocated (Cash)	2,644,467	1,527,146
	<u>27,886,527</u>	<u>27,014,810</u>

17. FINANCIAL RATIOS	2006/2007	2005/2006	2004/2005
Current Ratio	2.80	0.19	1.86
Untied Cash to Trade Creditors Ratio	3.46	0.00	0.44
Debt Ratio	0.05	0.08	0.03
Debt Service Ratio	0.02	0.03	0.02
Gross Debt to Revenue Ratio	0.14	0.20	0.20
Gross Debt to Economically Realisable Assets	0.04	0.05	0.05
Rate Coverage Ratio	0.16	0.13	0.09
Outstanding Rates Ratio	0.25	0.19	0.30

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

18. LONG TERM BORROWINGS (Detail)

(a) Debenture Repayments

Particulars	Principal 01-Jul-06	New Loans	Principal Repayments		Principal 30-Jun-07		Interest Repayments	
			Actual	Budget	Actual	Budget	Rate	Budget
Loan 20 - Airpot	27,632		27,632	27,632			7.88	555
Loan 21 - Duplex	127,832		33,593	33,592	94,239	94,240	6.64	6,824
Loan 22 - CEO house	122,674		15,641	15,641	107,033	107,033	6.67	7,404
Loan 23 - Triplex	557,926		15,972	15,972	541,954	541,954	6.68	36,474
Loan 24 - Office Redvelopment	144,156		5,798	5,798	138,358	138,358	5.79	8,265
	980,220		98,636	98,635	881,584	881,585		59,522
								55,430

(b) New Debentures - 2006/2007 Nil

18 INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures Council has no unspent Debentures at 30 June 2007

(d) Overdraft Council has an overdraft facility on it's municipal account of \$50,000.00. As at 30 June 2007, this facility was not utilised

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

19. RATING INFORMATION - 2006/2007 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										
- Gross rental value	9.5000	318	4,750,612	451,308	3,277	454,585 0	424,248	0	0	424,248
- Unimproved Value Mining	10.2000	336	2,201,952	224,599	8,654	233,253	207,853	2,500	0	210,353
- Unimproved Value Pastoral	6.3000	46	3,934,532	247,875	1,260	249,135	232,786	0	0	232,786
Sub-Totals		700	10,887,096	923,782	13,191	936,973	864,887	2,500	0	867,387
Minimum Rate	Minimum \$									
- Gross rental value	468	16	36,270	7,488	0	7,488	8,424	0	0	8,424
- Unimproved Value Mining	598	136	286,388	81,328	0	81,328	82,264	0	0	82,264
- Unimproved Value Pastoral	468	5	19,520	2,340	0	2,340	1,404	0	0	1,404
Sub-Totals		157	342,178	91,156	0	91,156	92,092	0	0	92,092
Ex Gratia						1,028,129 0				959,479 0
Totals						1,028,129				959,479

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

20. SPECIFIED AREA RATE - 2006/2007 FINANCIAL YEAR

NIL

21. SERVICE CHARGES - 2006/2007 FINANCIAL YEAR

	2006/2007 Actual \$	2006/2007 Budget \$	2005/2006 Actual \$
T V and Radio Rebroadcasting	7,625	7,675	7,675

22. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2006/2007 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Sundry Debtors	Write Off	NA	0	0
Rates Debtors	Write-Off	NA	20,847	0

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

The Shire waives Hall Hire Charges for selected events that are considered to be
for the overall benefit of the Community.
The financial consideration is not calculated.

23. INTEREST CHARGES AND INSTALMENTS - 2006/2007 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		22,539	15,000
Interest on Instalments Plan	5.5		0	565
Charges on Instalment Plan		8	810	285
			23,349	15,850

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

	2006/2007 Actual \$	2005/2007 Actual \$
24. FEES & CHARGES		
General Purpose Funding	1,141	29,223
Governance	0	0
Law, Order, Public Safety	859	4,980
Health	2,298	740
Education & Welfare	612	43,450
Housing	30,600	67,483
Community Amenities	166,139	135,519
Recreation & Culture	55,222	61,084
Transport	62,747	74,244
Economic Services	141,163	133,817
Other Property & Services	235,889	60,218
	<u>696,670</u>	<u>610,758</u>

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

	2006/2007 Actual \$	2006/2007 Budget \$	2005/2006 Actual \$
25. COUNCILLORS' REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	21,126	27,000	27,221
Travelling Expenses	8,185	17,000	16,769
Telecommunications	6,000	8,000	8,000
President's Allowance	2,500	2,500	2,500
Deputy President's Allowance	0	0	0
	<u>37,811</u>	<u>54,500</u>	<u>54,490</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

26. EMPLOYEES' REMUNERATION

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

Salary Range \$	2006/07	2005/06
100,000 - 109,999	<u>1</u>	<u>1</u>

27. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

2006/07	2005/06
<u>27</u>	<u>35</u>

28. MAJOR LAND TRANSACTIONS

During the year Council sold a vacant block of land known as Lot 8
Tremlett Drive Halls Creek.

In consideration for the lot Council received \$465,000

The Lot was not previously recorded on Council's Asset Register,

29. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the period.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

30. DISPOSAL & REPLACEMENT OF ASSETS

30 a The following assets were purchased during the year

	Asset No	G/L Account	Actual	\$	Budget	\$
Land						
Refuse Site improvements		101701	\$	-	\$	20,000
Furniture and Fittings						
Gymnasium equipment		115804	\$	-	\$	35,000
Library main computer/server		117701			\$	2,500
Little Fish Accounting package		410701	\$	-	\$	25,000
Office Furniture & Equipment		450702	\$	-	\$	3,000
Offices IT equipment	2050	450721	\$	6,123	\$	25,000
Admin/Finance computer system - SynergySoft	2051	450722	\$	44,460	\$	45,000
Photocopier and whiteboard		450723	\$	-	\$	5,000
<i>sub total</i>			\$	50,583	\$	160,500
Buildings						
Aquatic and Recreation Centre	3057	112801	\$	264,163		
Aquatic and Recreation Centre-stormwater drainage	3057	112802	\$	17,335	\$	30,000
Aquatic Centre - Reticulation		115803	\$	-	\$	10,000
Aquatic Centre - security		115805	\$	-	\$	17,000
Aquatic Centre - Shades		112831	\$	-	\$	-
Shire Office Additions/Renovations	66	450740	\$	60	\$	10,000
Drop in Centre - upgrade	3027	855754	\$	2,500	\$	5,000
285 Welman Road - capital improvements		941931	\$	-	\$	7,000
172 Kinivan St - capital improvements		941932	\$	-	\$	7,000
Kinivan Street units		951704	\$	-	\$	3,000
175 Bridge Street - capital improvements		951703	\$	-	\$	7,000
176 Bridge Street - capital improvements		951710	\$	-	\$	3,000
123A Roberta - airconditioning units		951711	\$	11,354	\$	7,000
123A Roberta - Security Gate		951705	\$	-	\$	4,000
123B Roberta - airconditioning units		951706	\$	11,834	\$	7,000
Depot Residence		951708	\$	-	\$	7,000
Racecourse Residence		951709			\$	3,000
120 Roberta Ave	77	951707	\$	625	\$	5,000
Rodeo/Racecourse grounds		115701	\$	-	\$	63,000
<i>sub total</i>			\$	307,871	\$	195,000

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

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

Page 35

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

30. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

30 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 \$
Land									
Sale of Airport Land		0	0	0	0	465,000	0	465,000	0
		0	0	0	0	465,000	0	465,000	0
Plant									
Kubota Lawnmower	3051	24,202	2,554	21,648	0	20,000	0	(1,648)	0
Cat Front-End Loader	1561	98,000	83,147	14,853	22,753	44,500	40,000	29,647	17,247
Toyota Landcruiser	3039	44,525	10,668	33,857	0	20,000	0	(13,857)	0
Toyota Landcruiser	3052	47,643	11,415	36,228	0	20,000	0	(16,228)	0
		214,370	107,784	106,586	22,753	104,500	40,000	(2,086)	17,247

30 c The following Asset, being fully depreciated and over 10 years old were removed from the asset register

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		Profit (Loss)	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture									
6 Draw Plan Cabinet	144	540	540	0	0	0	0	0	0
20 Steel Shelf Units	146	807	807	0	0	0	0	0	0
7 Piece Dining Suite	147	626	626	0	0	0	0	0	0
100 Stacker Chairs	148	1,972	1,972	0	0	0	0	0	0
3 Piece Lounge Suite	149	1,112	1,112	0	0	0	0	0	0
TV & VCR	155	1,083	1,083	0	0	0	0	0	0
Computer UPS	157	3,820	3,820	0	0	0	0	0	0
Mobile Pedestal	159	331	331	0	0	0	0	0	0
Office Chair	160	1,427	1,427	0	0	0	0	0	0
Filing Cabinets	164	862	862	0	0	0	0	0	0
CB Radio	165	367	367	0	0	0	0	0	0
2way Radio	166	3,889	3,889	0	0	0	0	0	0
Engel Fridge	168	921	921	0	0	0	0	0	0
2way Radio	169	3,889	3,889	0	0	0	0	0	0
Office Ensemble	170	370	370	0	0	0	0	0	0
Dresser Set	171	420	420	0	0	0	0	0	0
Double Bed Ensemble	173	385	385	0	0	0	0	0	0
Solarhart Heater	174	1,430	1,430	0	0	0	0	0	0
Washing Machine	175	676	676	0	0	0	0	0	0
Washing Machine	176	676	676	0	0	0	0	0	0
Washing Machine	178	641	641	0	0	0	0	0	0
Stove	179	596	596	0	0	0	0	0	0
Plan Horese Trolley	182	456	456	0	0	0	0	0	0
Formply Table Tops	184	655	655	0	0	0	0	0	0
Tubeline Trestles	185	759	759	0	0	0	0	0	0
Airconditioners	187	16,009	16,009	0	0	0	0	0	0
Drawing Board	188	534	534	0	0	0	0	0	0
Lord Safe	189	2,123	2,123	0	0	0	0	0	0
Typewriter	191	525	525	0	0	0	0	0	0
Microfiche Reader	194	321	321	0	0	0	0	0	0
Carpet Shampoo Cleaner	197	2,130	2,130	0	0	0	0	0	0
Electrolux Vacuum Cleaner	198	529	529	0	0	0	0	0	0
Coffee Table	204	300	300	0	0	0	0	0	0
Drawers - Atkin	206	356	356	0	0	0	0	0	0
Pantry Cupboards	207	3,510	3,510	0	0	0	0	0	0
Ignis Fridge	208	425	425	0	0	0	0	0	0
Terratrip	210	595	595	0	0	0	0	0	0
Computer Desk	211	442	442	0	0	0	0	0	0
Airconditioners	218	2,462	2,462	0	0	0	0	0	0
Stackable Chairs	219	2,850	2,850	0	0	0	0	0	0
Stove	220	626	626	0	0	0	0	0	0
Office Security System	226	1,543	1,543	0	0	0	0	0	0
Computer Equipment	227	7,601	7,601	0	0	0	0	0	0
Fridge Freezer	2001	2,119	2,119	0	0	0	0	0	0
Computer Notebook	2004	4,252	4,252	0	0	0	0	0	0
Table/Chairs	2007	622	622	0	0	0	0	0	0
Freezer	2008	925	925	0	0	0	0	0	0
Laptop Computer	2010	3,826	3,826	0	0	0	0	0	0
Trestles Civic Centre	2013	1,750	1,750	0	0	0	0	0	0
		85,085	85,085	0	0	0	0	0	0

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

31. INTEREST RATE RISK

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Effective Interest Rate %
	\$	\$	\$	\$	\$	\$	\$	
Year Ended 30 June 2007								
FINANCIAL ASSETS								
Floating Rate								
Cash and Cash Equivalents	2,644,468	0	0	0	0	0	2,644,468	5.34%
Weighted Average Effective Interest Rate	5.34%							
FINANCIAL LIABILITIES								
Fixed Rate								
Debentures	0	0	94,239	0	0	787,345	881,584	6.45%
Weighted Average Effective Interest Rate			6.54%			6.44%		
Year Ended 30 June 2006								
FINANCIAL ASSETS								
Floating Rate								
Cash and Cash Equivalents	1,432,025	0	0	0	0	0	1,432,025	4.75%
Weighted Average Effective Interest Rate	4.75%							
FINANCIAL LIABILITIES								
Fixed Rate								
Debentures	27,632	0	0	127,832	0	824,756	980,220	6.49%
Weighted Average Effective Interest Rate				6.54%		6.44%		

**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 2007 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

Statutory Compliance

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

Review of Budget

A copy of the budget review was not submitted to the Director General of the Department of Local Government within 30 days of its adoption by council, as prescribed by Financial Management Regulation 33A(4).

Annual Financial Report

The annual financial report for the year ended 30 June 2006 was not submitted to the Executive Director of the Department of Local Government within 30 days of receipt of the auditor's report as required by Financial Management Regulation 51(2).

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 1 November 2007
Perth, WA