

SHIRE OF WAGIN



2007/2008 ANNUAL REPORT



Shire of Wagin

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Shire Statistics

Population	1,846
Number of Electors	1,297
Number of Dwellings	898
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Library	Trent St, Wagin
Kindergarten	Johnston St, Wagin
Pre-school	Ranford St, Wagin
Secondary School	Ranford St, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Levied	\$1,310,035
Total Revenue	\$4,591,188
Council Employees	47

Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Marrobbie Bird Place, Heritage Walk Trail, Puntapin Rock and Mount Latham.

Local Industries

Wool, Grain, Engineering Manufacture and Seed working.

Significant Local Events

Wagin Woolorama — incorporates the State Sheep Show and is held on the 2nd weekend in March each year, Australia Day Breakfast — in Wetlands Park, Foundation Day Celebration — at Wagin Historical Village includes Vintage Car Club Rally, Apex Christmas Street Carnival — December.

Shire of Wagin

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GENERAL INFORMATION

Your Elected Members

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30 June 2008 are —

Cr MJ (Marilyn) Brockway — Shire President

Elected to office in 1997, Retiring 2009

- Finance & General Purposes Committee
- Health, Building & Planning Committee
- Swimming Pool Redevelopment Committee
- Health Services Committee
- Economic Development Committee
- WALGA Central Zone
- Lakes Sub-Regional Road Group
- Landcare Project Management Committee
- Stay on Your Feet Management Program
- Roadwise Committee
- LEMC & Safer Committee
- Civic Awards Committee
- Audit Committee
- Waste Management & Recycling Committee

Cr PJ (Phillip) — Deputy Shire President

Elected to office in 1992, Retiring 2011

- Finance & General Purpose Committee
- Sportsground Advisory Committee
- WALGA Central Zone
- Woolorama Committee
- Lakes Sub-Regional Road Group (Proxy)
- Land Conservation District Committee
- Telecentre Committee
- Civic Awards Committee
- Audit Committee

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2009

- Works & Services Committee
- Finance & General Purposes Committee
- Cottage Homes Committee
- Lakes Sub-Regional Road Group
- Audit Committee

Cr DK (Dean) Morgan

Elected to office in 2003, Retiring 2009

- Works & Services Committee
- Finance & General Purposes Committee
- Townscape & Tidy Towns Advisory Community Centre
- Swimming Pool Redevelopment Committee
- Health Services Committee
- Sportsground Advisory Community Centre Management Committee
- Economic Development Committee
- Bushfire Advisory Committee
- Audit Committee

Cr AC (Austin) Dohle

Elected to office in 2005, Retiring 2009

- Health, Building & Planning Committee
- Swimming Pool Redevelopment Committee
- Bushfire Advisory Committee
- Wagin/Woodanilling Landcare Zone
- School Bus Committee

Cr JLC (Lachlan) Ballantyne

Elected to office in 2003, Retiring 2011

- Works & Services Committee
- Health, Building & Planning Committee
- Swimming Pool Redevelopment Committee
- Health Services Committee
- Cottage Homes Committee
- Waste Management Committee
- Economic Development Committee

Cr JL (Jenny) Ewen

Elected to office in 2006, Retiring 2009

- Health, Building & Planning Committee
- Health Services Committee
- Sportsground Advisory Community Centre Management Committee
- Historical Village Committee
- Wagin Tourism Committee
- Frail Aged Hostel Committee
- Roadwise Committee
- LEMC & Safer Committee

Cr BW (Brian) Anderson

Elected to office in 2007, Retiring 2011

- Works & Services Committee
- Finance & General Purposes Committee
- Townscape & Tidy Towns Advisory Committee
- Waste Management & Recycling Committee
- Telecentre Committee
- Roadwise Committee
- LEMC & Safer Committee
- Audit Committee

Cr KM (Keith) Draper

Elected to office in 2003, Retiring 2011

- Works & Services Committee
- Health, Building & Planning Committee
- Townscape & Tidy Towns Advisory Committee
- Swimming Pool Redevelopment Committee
- Health Services Committee
- Sportsground Advisory Community Centre Management Committee
- Economic Development Committee
- Frail Aged Hostel Committee
- Waste Management & Recycling Committee

Cr GR (Greg) Ball

Elected to office in 2007, Retiring 2011

- Finance & General Purposes Committee
- Swimming Pool Redevelopment Committee
- Economic Development Committee
- Audit Committee
- Wagin Woodanilling Landcare Zone
- Sportsground Advisory Community Centre Management Committee

Cr JP (Jason) Reed

Elected to office in 2007, Retiring 2011

- Works & Services Committee
- Health, Building & Planning Committee
- Economic Development Committee
- Community Bus Committee
- Roadwise Committee
- LEMC & Safer WA Committee

Elections are normally held biennially on the third Saturday in October and are subject to electoral procedures as governed by the Local Government Act. The next Ordinary Election will be on 17 October 2009. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the third Tuesday of each month except in January where no meeting is planned. Meetings commence at 7pm except in April, July and October where meetings commence at 5.00pm. All meetings are open to the public. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

Management

Chief Executive Officer	John Hunter
Deputy Chief Executive Officer	Brian Roderick
Principal Environmental Health Officer & Building Surveyor	Steve Friend
Manager of Works	Allen Hicks
Recreation Centre Manager	Stuart Johansson
Auditor	UHY Haines Norton 16 Lakeside Corporate 24 Parkland Road Osborne Park WA 6017
Solicitor	Peter Marks Tudhoe St Wagin WA 6315
Bank	National Australia Bank Tudor St Wagin WA 6315

Shire Presidents Report

I have pleasure in presenting to you the Shire President's report for the 2007/2008 financial year and Council's Annual Report for the same period on behalf of the former President.

Council's aim is to maintain and improve its facilities both in the townsite and rural areas. Significant projects that were achieved during 2007/2008 were:

- Piesseville Appliance Shed
- Upgrades to the Medical Centre – flooring and smoke detectors
- Upgrades to the ablutions and signage at Wetlands Park
- Colourbond fence at the swimming pool
- New Refuse Site Caretaker's Office / Amenities building

Council again hosted a New Residents Reception in the Eric Farrow Pavilion in February 2008, this again proved to be a very popular and successful function with some 104 people attending including 74 new residents.

The Shire of Wagin remains in a strong financial position with solid reserve levels and long term plans either in place or being developed to help ensure high quality and affordable services and facilities are available for all resident and visitors.

During the year in review there were significant changes at Council level as a result of the Ordinary Election in October 2007. I would like to welcome our three new Councillors, G R Ball, J P Reed and B W Anderson, and thank our outgoing Councillors E N Pugh and A P Scanlon for their contribution to the Shire.

Council and I receive support from our staff and I would like to acknowledge the efforts of our Senior Management team over the past 12 months. I would also like to take this opportunity to thank my fellow Councillors for their support and for the time and effort they put in to representing the community.

Cr P Blight Shire President





Chief Executive Officer's Report

I have pleasure in presenting my report on the activities of the 2007/2008 financial year.

The 2007/2008 Annual Budget was adopted by Council at a Special Council meeting on 31 July 2007 incorporating an increase in rate revenue of 4% to coincide with the annual CPI increase for the previous year.

Council retained the option of offering a 5% discount for rates paid in full within 35 days of being issued and this proved popular, with approximately 75% of rates being collected during this period.

During this year in review Council was very active in a variety of projects and activities. They included:

- Medical Centre Treatment Beds & Defibrillator
- Upgrade work on Council Housing
- New water pipe from the Badgarning Dam to the White Dam
- Commencement of Pederick Drive Subdivision



Council was very active in sourcing external grant funding to complement its operations and reduce its dependence on general revenue. During the Year in review Council received a total of \$1,716,418. This included \$742,667 for roads and streets, \$267,857 for a HACC and aged care, \$12,257 for FESA related projects and \$15,000 to implement Crime Prevention strategies as identified in our Community Safety and Crime Prevention Plan.



The Principal Environmental Health Officer conducted periodic inspections of food premises and continued a program of submitting random food products for testing as well as conducting a water sampling program.

Council relinquished the daily administrative functions of the Wagin Medical Centre due to the resignation of Dr Majid and the difficulty of employing a replacement Medical Practitioner. The medical service is now run by Gemini Medical Services.

Council conducted a successful DrumMuster collection for used chemical drums and this program continues to be well supported by the community.

The Manager of Works and his staff again carried out another successful works program in 2007/2008.

Some of the projects completed during the year included:

- rural tree pruning program using a mulching head machine
- continued surface corrections and widening on Ballagin Road
- various upgrade work on Beaufort, Jaloran, Wagin-Wickepin, Dongolocking, Bullock Hills, Warup West, Spriggs Fraser, Taylors, and Behn Ord Road
- construction of footpaths on Tudhoe Street, and from the School to the Shire Office
- reseal of a number of town streets

Major plant purchases during the year were a new Caterpillar Grader and Multi-tyre Roller as per Council's plant replacement program. A number of light vehicles were upgraded during the year.

Freedom on Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2007/2008 no applications were received for information under the terms of this legislation.

National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest.





A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed the conclusions of those reviews and a forward strategy for all local laws still to be reviewed.

No new Local Laws were created in 2007/2008 or any existing Local Laws reviewed.

Structural Reform

The Shire of Wagin did not privatise any activities in 2007/2008 consequently there were no obligations to report in this area.

Conclusion

I would like to take this opportunity to acknowledge the support that I have received from the Shire President Cr Marilyn Brockway and Council. It is a pleasure to work with a group of volunteers that are dedicated to the current and future wellbeing of the Shire of Wagin.

John Hunter
Chief Executive Officer



Disability Services Plan

It is a requirement under section 29m (2) of the Disabilities Services Act 1993 to report on the following outcomes in Council's approach to assisting disabled people.

Outcome 1: Existing functions, facilities and services are adopted to meet the needs of people with disabilities.

Council continued its policy of taking into consideration the needs of people with disabilities wherever practical.

Outcome 2: Access to buildings and facilities are improved.

During 2007/2008 Council constructed a dual use path along Tavistock Street and Throssell Street from the School to the Shire Office. Brick paving was carried out on Tudor Street to improve access and safety.

Outcome 3: Information about functions, facilities and services is provided in formats which will meet the communications requirements of people with disabilities.

Council is mindful of the need to keep outgoing information in an easy to understand manner for all its residents and visitors.

Outcome 4: Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved.

Staff at the Shire of Wagin are aware of the need to provide appropriate services and advice to people within disabilities.

Outcome 5: Opportunities for people with disabilities to participate in public consultation grievance mechanisms and decision making processes are provided.

Access is available for people with disabilities at the Recreation Centre, Town Hall, Eric Farrow Pavilion and Council Chambers where public meetings, forums, elections and Council Meetings are held.



State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

The Shire of Wagin Recordkeeping Plan was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2005/06.

Council's Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attends appropriate training courses and seminars to help build skills and knowledge of this function.

In 2007/2008 Council implemented a new electronic record keeping system, this will ensure Council is at the forefront with record keeping compliance.

Plan for the Future

A review of the Shire's plan for the future was completed in June 2008. The revised plan covers the period 2008/09 to 2012/13. No public submissions were received during the advertising period.

No major construction projects which were identified in the previous Plan for the Future were completed during the 2007/08 financial year.

The new Plan for the Future includes the following projects to continue or commence in the 2008/09 financial year:

- Pederick Drive Stage 2 Subdivision
- Construction of a new storm water catchment dam
- Construction of a new residence for the Chief Executive Officer



SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

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**SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 11th day of November 2008.



John Hunter
Chief Executive Officer

Shire of Wagin
Annual Report 2007/2008

SHIRE OF WAGIN

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	1,310,035	1,309,122	1,245,127
Operating Grants & Subsidies	28	1,716,418	1,485,306	1,589,466
Contributions, Reimbursements & Donations		622,118	951,471	505,663
Fees and Charges	27	515,928	395,420	796,191
Interest Earnings	2(a)	91,519	92,962	78,949
Other Revenue		124,656	114,300	200,455
		<u>4,380,674</u>	<u>4,348,581</u>	<u>4,415,851</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(2,045,191)	(2,253,181)	(2,204,685)
Materials and Contracts		(1,302,726)	(1,181,199)	(1,317,804)
Utilities		(165,067)	(215,250)	(191,149)
Depreciation	2(a)	(944,195)	(917,050)	(911,960)
Interest Expenses	2(a)	(24,226)	(23,073)	(21,358)
Insurance		(75,569)	(79,216)	(75,170)
Other Expenditure		(233,553)	(249,403)	(253,799)
		<u>(4,790,527)</u>	<u>(4,918,372)</u>	<u>(4,975,925)</u>
		(409,853)	(569,791)	(560,074)
Non-Operating Grants, Subsidies and Contributions	28	142,812	201,468	254,196
Profit on Asset Disposals	20	67,702	54,000	114,298
Loss on Asset Disposals	20	(4,766)	(5,500)	(108,303)
		<u>(204,105)</u>	<u>(319,823)</u>	<u>(299,883)</u>
NET RESULT		<u>(204,105)</u>	<u>(319,823)</u>	<u>(299,883)</u>

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

Shire of Wagin
Annual Report 2007/2008

SHIRE OF WAGIN

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		11,257	8,000	25,823
General Purpose Funding		2,461,090	2,469,945	2,319,272
Law, Order, Public Safety		63,702	42,569	166,374
Health		73,773	108,980	59,974
Education and Welfare		302,780	275,400	318,045
Community Amenities		286,550	174,205	155,177
Recreation and Culture		42,347	48,230	48,793
Transport		498,256	483,795	416,137
Economic Services		94,757	88,685	202,574
Other Property and Services		756,676	904,240	1,072,176
	2 (a)	4,591,188	4,604,049	4,784,345
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(241,959)	(226,852)	(237,621)
General Purpose Funding		(224,514)	(254,691)	(218,366)
Law, Order, Public Safety		(150,306)	(154,835)	(157,338)
Health		(187,798)	(165,621)	(156,362)
Education and Welfare		(317,281)	(345,930)	(318,519)
Community Amenities		(247,541)	(265,583)	(206,367)
Recreation & Culture		(698,042)	(648,269)	(600,322)
Transport		(1,674,608)	(1,597,285)	(1,420,097)
Economic Services		(236,597)	(178,706)	(618,415)
Other Property and Services		(792,421)	(1,063,027)	(1,129,463)
	2 (a)	(4,771,067)	(4,900,799)	(5,062,870)
BORROWING COSTS EXPENSE				
Health		(7,635)	(7,635)	(8,946)
Recreation & Culture		(16,591)	(15,438)	(12,412)
	2 (a)	(24,226)	(23,073)	(21,358)
NET RESULT		(204,105)	(319,823)	(299,883)

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

Shire of Wagin
Annual Report 2007/2008

SHIRE OF WAGIN
BALANCE SHEET
AS AT 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,068,121	852,872
Trade and Other Receivables	4	296,627	394,534
Inventories	5	52,418	43,120
TOTAL CURRENT ASSETS		<u>1,417,166</u>	<u>1,290,526</u>
NON-CURRENT ASSETS			
Other Receivables	4	185,652	48,223
Property, Plant and Equipment	6	5,880,080	5,778,855
Infrastructure	7	15,737,849	16,030,070
TOTAL NON-CURRENT ASSETS		<u>21,803,581</u>	<u>21,857,148</u>
TOTAL ASSETS		<u>23,220,747</u>	<u>23,147,674</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	423,343	239,858
Long Term Borrowings	9	48,512	45,328
Provisions	10	256,758	261,093
TOTAL CURRENT LIABILITIES		<u>728,613</u>	<u>546,279</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	348,291	240,432
Provisions	10	20,058	33,073
TOTAL NON-CURRENT LIABILITIES		<u>368,349</u>	<u>273,505</u>
TOTAL LIABILITIES		<u>1,096,962</u>	<u>819,784</u>
NET ASSETS		<u>22,123,785</u>	<u>22,327,890</u>
EQUITY			
Retained Surplus		21,332,183	21,525,151
Reserves - Cash Backed	11	791,602	802,739
Reserves - Asset Revaluation	12	0	0
TOTAL EQUITY		<u>22,123,785</u>	<u>22,327,890</u>

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

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

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		21,525,151	22,045,300
Net Result		(204,105)	(299,883)
Transfer from/(to) Reserves		11,137	(220,266)
Balance as at 30 June 2008		<u>21,332,183</u>	<u>21,525,151</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2007		802,739	582,473
Amount Transferred (to)/from Retained Surplus		(11,137)	220,266
Balance as at 30 June 2008	11	<u>791,602</u>	<u>802,739</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		0	0
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2008	12	<u>0</u>	<u>0</u>
TOTAL EQUITY		<u>22,123,785</u>	<u>22,327,890</u>

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

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**SHIRE OF WAGIN
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$	2007 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,314,114	1,309,122	1,245,305
Operating Grants, Subsidies and Contributions		2,338,536	2,436,777	2,095,129
Service Charges		0	0	0
Fees and Charges		610,456	395,420	850,219
Interest Earnings		92,781	92,962	78,949
Goods and Services Tax		228,186	0	201,816
Other		107,214	233,976	90,721
		<u>4,691,287</u>	<u>4,468,257</u>	<u>4,562,139</u>
Payments				
Employee Costs		(2,062,248)	(2,253,181)	(2,173,958)
Materials and Contracts		(1,128,264)	(1,181,199)	(1,332,274)
Utilities (gas, electricity, water, etc)		(165,067)	(215,250)	(191,149)
Insurance		(75,569)	(79,216)	(75,170)
Interest		(24,226)	(23,073)	(21,898)
Goods and Services Tax		(231,356)	0	(201,050)
Other		(217,940)	(249,403)	(144,065)
		<u>(3,904,670)</u>	<u>(4,001,322)</u>	<u>(4,139,564)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>786,617</u>	<u>466,935</u>	<u>422,575</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(1,400)	(225,000)	0
Payments for Purchase of Property, Plant & Equipment		(771,630)	(1,109,400)	(906,939)
Payments for Construction of Infrastructure		(228,313)	(260,475)	(437,725)
Non-operating Grants, Subsidies and Contributions		142,812	201,468	254,196
Proceeds from Sale of Plant & Equipment		311,080	311,000	554,300
Net Cash Provided By (Used In) Investing Activities		<u>(547,451)</u>	<u>(1,082,407)</u>	<u>(536,168)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(48,957)	(48,552)	(79,028)
Proceeds from Self Supporting Loans		25,040	24,634	56,689
Proceeds from New Debentures		160,000	485,000	0
Advances To Community Groups		(160,000)	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(23,917)</u>	<u>461,082</u>	<u>(22,339)</u>
Net Increase (Decrease) in Cash Held		215,249	(154,390)	(135,932)
Cash at Beginning of Year		852,872	913,013	988,804
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>1,068,121</u></u>	<u><u>758,623</u></u>	<u><u>852,872</u></u>

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

Shire of Wagin
Annual Report 2007/2008

**SHIRE OF WAGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$
REVENUES			
Governance		11,257	8,000
General Purpose Funding		1,151,055	1,160,823
Law, Order, Public Safety		63,702	42,569
Health		73,773	108,980
Education and Welfare		302,780	275,400
Community Amenities		286,550	174,205
Recreation and Culture		42,347	48,230
Transport		498,256	483,795
Economic Services		94,757	88,685
Other Property and Services		756,676	927,568
		<u>3,281,153</u>	<u>3,318,255</u>
EXPENSES			
Governance		(241,959)	(226,852)
General Purpose Funding		(224,514)	(254,691)
Law, Order, Public Safety		(150,306)	(154,835)
Health		(195,433)	(173,256)
Education and Welfare		(317,281)	(345,930)
Community Amenities		(247,541)	(265,583)
Recreation & Culture		(714,633)	(663,707)
Transport		(1,674,608)	(1,597,285)
Economic Services		(236,597)	(178,706)
Other Property and Services		(792,421)	(1,063,027)
		<u>(4,795,293)</u>	<u>(4,923,872)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(62,936)	(48,500)
Movement in Accrued Interest		(567)	0
Movement in Deferred Pensioner Rates (Non-Current)		(3,962)	0
Movement in Accrued Salaries and Wages		293	0
Movement in Employee Benefit Provisions		(17,350)	0
Depreciation and Amortisation on Assets		944,195	917,050
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(1,400)	(225,000)
Purchase Land and Buildings		(108,927)	(409,900)
Purchase Infrastructure Assets - Roads		(228,313)	(260,475)
Purchase Plant and Equipment		(610,525)	(605,000)
Purchase Furniture and Equipment		(52,178)	(94,500)
Purchase of Investments		0	0
Proceeds from Disposal of Assets		311,080	311,000
Advances to Community Groups		(160,000)	0
Repayment of Debentures		(48,957)	(48,552)
Proceeds from New Debentures		160,000	485,000
Self-Supporting Loan Principal Income		25,039	24,634
Transfers to Reserves (Restricted Assets)		(126,863)	(101,262)
Transfers from Reserves (Restricted Assets)		138,000	152,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		236,817	200,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		<u>189,341</u>	<u>0</u>
Amount Required to be Raised from Rates	22	<u><u>(1,310,035)</u></u>	<u><u>(1,309,122)</u></u>

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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

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

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

Buildings	40 years
Furniture and Office Equipment	10 years
Computer and Electronic Equipment	4 years
Plant and Equipment	
- Construction Plant (Graders, FE Loaders, Tractors, & Rollers)	10 years
- Trucks	5 years
- Sedans	1 years
- Other Plant and Equipment	10 years
Infrastructure Assets	
- Roads	30 years
- Footpaths and Walkways - Slabs	20 years
- Insitu concrete	40 years
- Bitumen	50 years
- Pavers	40 years
- Drainage - below ground	60 years
- off road	20 years
- Pedestrian bridges (wood)	20 years
- Vehicle bridges and culverts (wood)	20 years

The following infrastructure assets are not depreciated due to the high ongoing cost of maintenance;

- Parks and playing field surfaces
- Reticulation systems
- Drainage reserves

The following infrastructure assets are not capitalised owing to their cost being immaterial;

- Street Furniture
- Pedestrian / Bus shelters
- Street signs

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

The Shire of Wagin contributes to complying Superannuation Schemes. These funds are defined contribution schemes.

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) **Rounding Off Figures**

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

(u) **Comparative Figures**

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

(v) **Current and Non-Current Classification**

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008. Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii) AASB 1049 Whole of Government and General Government Sector Financial	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

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

Notes:

- (*) - Applicable to reporting periods commencing on or after the given date.
- (+) - Applicable to not-for-profit and/or public sector entities only.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES	2008 \$	2007 \$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit	9,330	6,740	
- Other Services	4,500	0	
Depreciation			
Buildings	107,476	104,191	
Furniture and Equipment	60,397	51,095	
Plant and Equipment	255,152	246,086	
Infrastructure	520,534	509,609	
Tools	636	979	
	944,195	911,960	
Interest Expenses			
Debentures (<i>refer Note 21(a)</i>)	24,226	21,358	
	24,226	21,358	
(ii) Crediting as Revenue:			
	2008 \$	2008 Budget \$	2007 \$
Interest Earnings			
Investments			
- Reserve Funds	56,223	47,962	39,082
- Other Funds	25,641	36,000	30,210
Other Interest Revenue (<i>refer note 26</i>)	9,655	11,000	9,657
	91,519	94,962	78,949

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

Governance

Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.

General Purpose Funding

Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.

Law, Order, Public Safety

Includes costs associated with fire prevention and control, control of dogs and other animals, abandoned vehicles and supervision of associated local laws.

Health

Includes costs associated with maternal and infant health, analytical expenses ie water sampling, the running of the Regional Health Scheme together with the Shires of Dumbleyung and Woodanilling, pest control ie mosquitoes and the running costs of the Wagin Medical Centre.

Education and Welfare

Includes costs associated with the running of the Wagin Pre-School, maintenance of the Wagin District High School oval, the running of the Wagin Home and Community Care Program, including Community Aged Care Packages and Wagin Frail Aged Lodge.

Community Amenities

Includes provision for the collection and disposal of residential, commercial and industrial refuse, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.

Recreation and Culture

Includes costs associated with public halls, the Wagin Memorial Swimming Centre, sportsground maintenance and sportsground buildings maintenance, the provision of library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.

Transport

Includes upgrading, constructing, sealing, resealing and ongoing maintenance costs associated with roads, footpaths and parking facilities, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

Economic Services

Includes control of declared flora and fauna, works associated with Council's inclusion as part of the Rural Town's programme, LCDC projects, tourism and area promotion, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

Other Property and Services

Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside work crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

	2008	2007
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Community Aged Care Packages (Education & Welfare)	20,203	9,957
Roads To Recovery (Transport)	33,441	223,297
Envirofund Projects (Economic Services)	0	49,794
Crime Prevention Grant	40,000	6,200
Integrated Catchment Management Fund (Economic Services)	0	94,003
Raising Bed Furrows (Economic Services)	0	16,630
SWCC Weed Management Project (Economic Services)	0	1,133
Farms Vision Monitoring (Economic Services)	0	15,000
Small Land Holders Field Day (Economic Services)	0	376
Red Tailed Phascogale (Economic Services)	0	4,205
SIF Analysis Grant (Economic Services)	0	63,340
Revege of Beckwith (Economic Services)	0	1,260
	93,644	485,195
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Community Aged Care Packages (Education & Welfare)	12,537	20,203
Crime Prevention Grant	0	40,000
Roads To Recovery	0	33,441
Regional Refuse Group	108,000	0
Community Water Group	31,818	0
Choose Respect	5,000	0
Designing Safer Communities	10,000	0
Bridal Creeper	5,200	0
	172,555	93,644

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)	2008	2007
(c) Conditions Over Contributions (continued)	\$	\$
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Community Aged Care Packages (Education & Welfare)	13,790	9,957
Envirofund Projects (Economic Services)	0	49,794
Roads To Recovery (Transport)	0	223,297
Crime Prevention Grant	27,600	6,200
Integrated Catchment Management Fund (Economic Services)	0	94,003
Raising Bed Furrows (Economic Services)	0	16,630
SWCC Weed Management Project (Economic Services)	0	1,133
Farms Vision Monitoring (Economic Services)	0	15,000
Small Land Holders Field Day (Economic Services)	0	376
Red Tailed Phascogale (Economic Services)	0	4,205
SIF Analysis Grant (Economic Services)	0	63,340
Revege of Beckwith (Economic Services)	0	1,260
	<u>41,390</u>	<u>485,195</u>
Closing balances of unexpended grants	<u>224,809</u>	<u>93,644</u>
Comprises:		
Community Aged Care Packages (Education & Welfare)	18,950	20,203
Crime Prevention Grant	12,400	33,441
Roads To Recovery	33,441	40,000
Regional Refuse Group	108,000	0
Community Water Group	31,818	0
Choose Respect	5,000	0
Designing Safer Communities	10,000	0
Bridal Creeper	5200	0
	<u>224,809</u>	<u>93,644</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Municipal	51,710	50,133
Restricted	1,016,411	802,739
	<u>1,068,121</u>	<u>852,872</u>
The following is a reconciliation of the municipal funds above:		
Municipal Cash at Bank - Unrestricted	51,710	(43,511)
Municipal Cash at Bank - Restricted	0	93,644
	<u>51,710</u>	<u>50,133</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	90,526	103,290
Plant Reserve	21,855	67,151
Municipal Buildings Reserve	230,569	229,496
Recreation & Development Reserve	175,424	140,578
Administration Centre Furniture & Equipment Reserve	21,108	15,988
Recreation Centre Equipment Reserve	9,696	14,856
Aerodrome Maintenance & Development Reserve	11,603	6,171
Land Development Reserve	143,507	162,153
Community Bus Reserve	31,890	26,884
HACC Plant & Leave Reserve	55,424	36,172
Unexpended Grants	224,809	0
	<u>1,016,411</u>	<u>802,739</u>
Other		
Municipal		
Cash at Bank - Restricted:		
Unexpended Grants - refer note 2c	<u>0</u>	<u>93,644</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	55,562	63,605
Sundry Debtors	199,322	293,850
GST Receivable	18,838	15,668
Loans - Clubs/Institutions	22,905	21,411
	<u>296,627</u>	<u>394,534</u>
Non-Current		
Rates Outstanding - Pensioners	35,852	31,889
Loans - Clubs/Institutions	149,800	16,334
	<u>185,652</u>	<u>48,223</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	52,418	43,120
	<u>52,418</u>	<u>43,120</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	5,086,953	4,976,626
Less Accumulated Depreciation	<u>(1,325,574)</u>	<u>(1,218,098)</u>
	3,761,379	3,758,528
Furniture and Equipment - Cost	793,181	741,004
Less Accumulated Depreciation	<u>(443,667)</u>	<u>(383,271)</u>
	349,514	357,733
Plant and Equipment - Cost	2,713,526	2,607,502
Less Accumulated Depreciation	<u>(947,859)</u>	<u>(949,064)</u>
	1,765,667	1,658,438
Tools - Cost	11,355	11,355
Less Accumulated Depreciation	<u>(7,835)</u>	<u>(7,199)</u>
	3,520	4,156
	<u>5,880,080</u>	<u>5,778,855</u>

These assets 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".

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Tools \$	Total \$
Balance as at 1 July 2007	3,758,528	357,733	1,658,438	4,156	5,778,855
Additions	110,327	52,178	610,525	0	773,030
(Disposals)	0	0	(248,144)	0	(248,144)
Revaluation - Increments - (Decrements)	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0
Depreciation (Expense)	(107,476)	(60,397)	(255,152)	(636)	(423,661)
Other Movements	0	0	0	0	0
Balance as at 30 June 2008	<u>3,761,379</u>	<u>349,514</u>	<u>1,765,667</u>	<u>3,520</u>	<u>5,880,080</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	21,040,928	20,812,615
Less Accumulated Depreciation	<u>(5,303,079)</u>	<u>(4,782,545)</u>
	<u>15,737,849</u>	<u>16,030,070</u>

These assets are subject to an annual assessment as to whether there is any indication an assets may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	<u>Infrastructure</u> \$	<u>Total</u> \$
Balance as at 1 July 2007	16,030,070	16,030,070
Additions	228,313	228,313
(Disposals)	0	0
Revaluation - Increments - (Decrements)	0 0	0 0
Impairment - (losses) - reversals	0 0	0 0
Depreciation (Expense)	(520,534)	(520,534)
Other Movements	0	0
Balance as at 30 June 2008	<u>15,737,849</u>	<u>15,737,849</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	413,318	229,559
Accrued Interest on Debentures	2,150	2,717
Accrued Salaries and Wages	7,875	7,582
	<u>423,343</u>	<u>239,858</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>48,512</u>	<u>45,328</u>
	<u>48,512</u>	<u>45,328</u>
Non-Current		
Secured by Floating Charge Debentures	<u>348,291</u>	<u>240,432</u>
	<u>348,291</u>	<u>240,432</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	118,081	126,086
Provision for Long Service Leave	138,677	135,007
	<u>256,758</u>	<u>261,093</u>
Non-Current		
Provision for Long Service Leave	<u>20,058</u>	<u>33,073</u>
	<u>20,058</u>	<u>33,073</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	103,290	102,566	124,909
Amount Set Aside / Transfer to Reserve	7,236	6,154	8,381
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>(30,000)</u>
	<u>90,526</u>	<u>88,720</u>	<u>103,290</u>
(b) Plant Reserve			
Opening Balance	67,151	66,786	62,929
Amount Set Aside / Transfer to Reserve	4,704	4,007	4,222
Amount Used / Transfer from Reserve	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
	<u>21,855</u>	<u>20,793</u>	<u>67,151</u>
(c) Municipal Buildings Reserve			
Opening Balance	229,496	228,583	157,343
Amount Set Aside / Transfer to Reserve	16,073	13,715	125,153
Amount Used / Transfer from Reserve	<u>(15,000)</u>	<u>(45,000)</u>	<u>(53,000)</u>
	<u>230,569</u>	<u>197,298</u>	<u>229,496</u>
(d) Recreation & Development Reserve			
Opening Balance	140,578	139,896	117,682
Amount Set Aside / Transfer to Reserve	49,846	48,394	22,896
Amount Used / Transfer from Reserve	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>
	<u>175,424</u>	<u>173,290</u>	<u>140,578</u>
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	15,988	15,847	24,354
Amount Set Aside / Transfer to Reserve	5,120	4,951	6,634
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(15,000)</u>
	<u>21,108</u>	<u>20,798</u>	<u>15,988</u>
(f) Recreation Centre Equipment Reserve			
Opening Balance	14,856	14,785	12,235
Amount Set Aside / Transfer to Reserve	2,840	2,687	2,621
Amount Used / Transfer from Reserve	<u>(8,000)</u>	<u>(10,000)</u>	<u>0</u>
	<u>9,696</u>	<u>7,472</u>	<u>14,856</u>
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	6,171	6,164	1,097
Amount Set Aside / Transfer to Reserve	5,432	5,370	5,074
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>11,603</u>	<u>11,534</u>	<u>6,171</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED (continued)			
(h) Land Development Reserve			
Opening Balance	162,153	162,014	23,995
Amount Set Aside / Transfer to Reserve	11,354	9,721	138,158
Amount Used / Transfer from Reserve	(30,000)	(12,000)	0
	143,507	159,735	162,153
(i) Community Bus Reserve			
Opening Balance	26,884	26,744	24,032
Amount Set Aside / Transfer to Reserve	5,006	4,105	2,852
Amount Used / Transfer from Reserve	0	0	0
	31,890	30,849	26,884
(j) HACC Plant & Leave Reserve			
Opening Balance	36,172	35,976	33,897
Amount Set Aside / Transfer to Reserve	19,252	2,158	2,275
Amount Used / Transfer from Reserve	0	0	0
	55,424	38,134	36,172
TOTAL CASH BACKED RESERVES	791,602	748,623	802,739

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

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

Leave Reserve

The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.

Plant Reserve

The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.

Municipal Buildings Reserve

The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

11. RESERVES - CASH BACKED (continued)

Recreation & Development Reserve

The purpose of the Recreation & Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of water supplies and the like for recreation areas within the Shire of Wagin.

Administration Centre Furniture & Equipment Reserve

The purpose of this Reserve is to provide for the purchase of furniture, fittings and equipment with the Council's entire administration building.

Recreation Centre Equipment Reserve

The purpose of the Recreation Centre Equipment Reserve is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacement of fixtures and fittings.

Aerodrome Maintenance & Development Reserve

The purpose of this Reserve is to provide for major maintenance type works (eg resealing of apron area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, upgrading buildings, fences etc) at the Wagin Airstrip.

Land Development Reserve

The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises and as Council sees fit.

Community Bus Reserve

The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.

HACC Plant & Leave Reserve

The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.

No Council Reserves will be fully utilised in the 2008/2009 financial year.

12. RESERVES - ASSET REVALUATION

Council has no Asset Revaluation Reserves.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2008	2008	2007
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>1,068,121</u>	<u>758,623</u>	<u>852,872</u>

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

Net Result	(204,105)	(319,823)	(299,883)
Depreciation	944,195	917,050	911,960
(Profit)/Loss on Sale of Asset	(62,936)	(48,500)	(5,995)
(Increase)/Decrease in Receivables	95,438	81,578	54,972
(Increase)/Decrease in Inventories	(9,298)	(3,880)	3,748
Increase/(Decrease) in Payables	183,485	41,978	(17,649)
Increase/(Decrease) in Employee Provisions	(17,350)	0	29,618
Grants/Contributions for the Development of Assets	<u>(142,812)</u>	<u>(201,468)</u>	<u>(254,196)</u>
Net Cash from Operating Activities	<u>786,617</u>	<u>466,935</u>	<u>422,575</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	13,000	13,000
Credit Card Balance at Balance Date	<u>(415)</u>	<u>(467)</u>
Total Amount of Credit Unused	<u>12,585</u>	<u>12,533</u>

Loan Facilities

Loan Facilities - Current	48,512	45,328
Loan Facilities - Non-Current	<u>348,291</u>	<u>240,432</u>
Total Facilities in Use at Balance Date	<u>396,803</u>	<u>285,760</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2008

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council has no Finance Leases or Hire Purchase Commitments at 30th June 2008

(b) Operating Lease Commitments

Council has no Operating Lease Commitments at 30th June 2008

(c) Capital Expenditure Commitments

Council has no Capital Expenditure Commitments at 30th June 2008

16. JOINT VENTURE

The Shire together with the Shires of West Arthur and Williams and Wandering have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2008	2007
	\$	\$
Governance	532,576	572,895
General Purpose Funding	0	0
Law, Order, Public Safety	116,655	118,056
Health	483,797	476,939
Education and Welfare	209,699	230,794
Housing	0	0
Community Amenities	95,469	97,231
Recreation and Culture	2,585,512	2,551,145
Transport	17,071,928	17,171,985
Economic Services	135,454	143,729
Other Property and Services	27,213	0
Unallocated	1,962,444	1,784,900
	<u>23,220,747</u>	<u>23,147,674</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

18. FINANCIAL RATIOS	2008	2007	2006
Current Ratio	0.63	1.08	2.86
Untied Cash to Trade Creditors Ratio	0.12	0.00	0.00
Debt Ratio	0.05	0.04	0.04
Debt Service Ratio	0.02	0.02	0.01
Gross Debt to Revenue Ratio	0.09	0.06	0.08
Gross Debt to Economically Realisable Assets Ratio	0.05	0.04	0.01
Rate Coverage Ratio	0.29	0.25	0.24
Outstanding Rates Ratio	0.04	0.05	0.06

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
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	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

19. TRUST FUNDS

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

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid (\$)	Reconciliation Adjustments	Balance 30-Jun-08 \$
Deposits - Town Hall	625	1,200	(1,050)	0	775
Deposits - Community Bus	450	2,950	(2,950)	0	450
Deposits - Rec Centre	1,000	4,000	(4,350)	0	650
Deposits - Animal Trap	50	75	(75)	0	50
BCITF	155	6,127	(6,127)	(155)	0
BRB	150	2,168	(2,168)	(150)	0
Nomination Deposits	0	400	(400)	0	0
Pre Paid Rates	1,419	1,699	(3,118)	0	0
Other Deposits	5,045	1,500	(3,001)	(129)	3,415
Unclaimed Money	1,399	0	0	34	1,433
Licensing Takings	15,318	1,250,882	(1,257,905)	0	8,295
	<u>25,611</u>				<u>15,068</u>

20. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment						
Governance						
Ford Fairmont Sedan - W.1	27,378	28,000	27,882	27,000	504	(1,000)
Ford Falcon - W.001	18,027	20,500	19,118	18,000	1,091	(2,500)
Health						
Ford Fairmont Sedan - W.1479	24,285	26,000	26,636	27,000	2,351	1,000
Ford Laser - W1017	6,124	8,000	10,981	12,000	4,857	4,000
Transport						
Ford Territory - W.1008	28,729	29,000	23,963	27,000	(4,766)	(2,000)
2001/2002 CAT Grader	110,424	115,000	160,000	160,000	49,576	45,000
Cat Multi Tyred Roller	33,177	36,000	42,500	40,000	9,323	4,000
	<u>248,144</u>	<u>262,500</u>	<u>311,080</u>	<u>311,000</u>	<u>62,936</u>	<u>48,500</u>

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
124 Medical Centre	112,819		19,542	19,542	93,277	93,277	7,635	7,635
127 Wagin Frail Aged **	6,000		6,000	6,000	0	0	0	0
128 Wagin Ag. Society **	31,745		15,410	15,410	16,335	16,335	1,652	1,652
131 Recreation Development	135,196		4,375	4,375	130,821	130,821	8,570	8,570
133 Wagin Bowling Club**		160,000	3,630	3,224	156,370	156,776	6,369	5,216
	285,760	160,000	48,957	48,551	396,803	397,209	24,226	23,073

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2007/08

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
132 LIA Development	0	225,000	WATC	Debenture	20	194,160	6.93	0	225,000	0
133 Wagin Bowling Club**	160,000	160,000	WATC	Debenture	15	93,194	6.52	160,000	160,000	0
134 Wagin Frail Aged SS **	0	100,000	WATC	Debenture	15	37,683	6.52	0	100,000	0

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent Loan Debenture Funds as at 30th June 2008

(d) Overdraft

Council did not use an overdraft facility during 2007/08 Financial Year and does not have any overdraft facility in place.

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

22. RATING INFORMATION - 2007/08 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Gross Rental Value	0.111780	704	4,382,196	486,797	4,898	0	491,695	486,797	8,000	500	495,297
Unimproved Value	0.010954	343	73,739,500	805,426	2,823	0	808,249	805,425	1,000	0	806,425
Sub-Totals		1,047	78,121,696	1,292,223	7,721	0	1,299,944	1,292,222	9,000	500	1,301,722
Minimum Rates											
Gross Rental Value	300	174	105,378	51,600	0	0	51,600	51,600	0	0	51,600
Unimproved Value	300	30	445,908	7,800	0	0	7,800	7,800	0	0	7,800
Sub-Totals		204	551,286	59,400	0	0	59,400	59,400	0	0	59,400
Specified Area Rate (refer note 23)							1,359,344				1,361,122
Discounts (refer note 25)							0				0
Totals							1,359,344				1,361,122
							(49,309)				(52,000)
							1,310,035				1,309,122

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

23. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR

The Shire of Wagin did not levy a Specified Area Rates for the 2007/08 financial year.

24. SERVICE CHARGES - 2007/08 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2007/08 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2007/08 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	49,309	52,000
			49,309	52,000
Rate Assessment	Write-Off		0	4,000

A discount on rates is granted to all who pay their rates in fully within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		7,867	9,000
Interest on Instalments Plan	5.50%		1,788	2,000
Charges on Instalment Plan		5	2,050	2,000
			11,705	13,000

Ratepayers had the option of paying rates in four equal instalments, due on 14 September 2007, 14 November 2007, 14 January 2008 and 14 March 2008. Administration charges and interest applied for the final three instalments.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

27. FEES & CHARGES	2008	2007
	\$	\$
Governance	(128)	335
General Purpose Funding	43,500	23,020
Law, Order, Public Safety	9,716	13,197
Health	5,043	4,091
Education & Welfare	19,525	22,284
Community Amenities	167,267	153,067
Recreation & Culture	33,291	36,167
Transport	0	0
Economic Services	36,173	42,500
Other Property & Services	201,541	501,530
	<u>515,928</u>	<u>796,191</u>

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

28. GRANT REVENUE	2008	2007
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,716,418	1,589,466
Non-operating Grants, Subsidies and Contributions	142,812	254,196
	<u>1,859,230</u>	<u>1,843,662</u>
By Program:		
General Purpose Funding	947,742	900,871
Law, Order, Public Sector	46,979	148,648
Education & Welfare	271,107	289,807
Community Amenities	113,000	0
Recreation and Culture	3,000	3,000
Transport	435,184	408,387
Economic Services	42,218	92,949
	<u>1,859,230</u>	<u>1,843,662</u>

29. COUNCILLORS' REMUNERATION	2008	2008	2007
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	5,653	6,000	5,360
President's Allowance	5,750	5,750	5,400
Deputy President's Allowance	1,500	1,500	1,350
Travelling Expenses	1,761	2,000	1,588
Telecommunications Allowance	0	400	0
	<u>14,664</u>	<u>15,650</u>	<u>13,698</u>

SHIRE OF WAGIN

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

30. EMPLOYEES' REMUNERATION

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

Salary Range \$	2008	2007
120,000 - 129,000	1	0
220,000 - 229,999	0	1

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2008	2007
<u>37</u>	<u>38</u>

32. MAJOR LAND TRANSACTIONS

Council did not participate in any Major Land Transactions during the 2007/2008 finance year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Wagin Medical Centre

Council's objective is to provide an efficient and quality Medical service to it's community. Operating costs are met by consultation fees charged to patients.

	2008 \$	2008 Budget \$	2007 \$
(a) Operating Statement			
Operating Revenues			
Surgery Visits	135,588	423,500	328,479
Hospital Visits	5,949	60,000	52,153
Practice Incentive Payments	9,298	36,000	30,855
WACRRM Practice Support	0	6,000	2,700
Contribution from the Shire of Dumbleyung	3,700	10,980	10,420
Interest	62	360	958
Reimbursements	<u>3,002</u>	<u>1,800</u>	<u>1,432</u>
	157,599	538,640	426,997
Less Operating Expenses			
Employee Expenses	163,378	519,180	457,240
Insurance	18,168	20,800	6,462
Medical Stock	2,229	12,000	8,120
Administration	11,929	19,260	12,767
Medical Centre Maintenance	1,563	6,780	5,669
Other	<u>3,935</u>	<u>20,620</u>	<u>25,920</u>
	201,202	598,640	516,178
Operating Result	<u>(43,603)</u>	<u>(60,000)</u>	<u>(89,181)</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008 \$	2007 \$	2008 \$	2007 \$
Financial Assets				
Cash and cash equivalents	1,068,121	852,872	1,068,121	852,872
Receivables	<u>482,279</u>	<u>442,757</u>	<u>482,279</u>	<u>442,757</u>
	<u><u>1,550,400</u></u>	<u><u>1,295,629</u></u>	<u><u>1,550,400</u></u>	<u><u>1,295,629</u></u>
Financial Liabilities				
Payables	423,343	239,858	423,343	239,858
Borrowings	<u>396,803</u>	<u>285,760</u>	<u>348,758</u>	<u>271,210</u>
	<u><u>820,146</u></u>	<u><u>525,618</u></u>	<u><u>772,101</u></u>	<u><u>511,068</u></u>

Fair value is determined as follows:

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and cash equivalents whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and cash equivalents 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.

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

Another risk associated with cash and cash equivalents 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 depositing its funds into one of Australia's big four banks.

	30-Jun-08	30-Jun-07
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and cash equivalents:		
- Equity	10,681	8,529
- Income Statement	10,681	8,529

Notes:

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	84%	93%
- Overdue	16%	7%

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

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

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

	<u>2008</u>	<u>2007</u>
	Due within 1 year \$	Due within 1 year \$
	Due between 1 & 5 years \$	Due between 1 & 5 years \$
	Due after 5 years \$	Due after 5 years \$
	Total contractual cash flows \$	Total contractual cash flows \$
	Carrying values \$	Carrying values \$
Payables	423,343	423,343
Borrowings	74,324	586,455
	<u>497,667</u>	<u>1,009,798</u>
	0	0
	201,870	310,261
	<u>201,870</u>	<u>310,261</u>
	239,858	239,858
	63,184	402,533
	<u>303,042</u>	<u>642,391</u>
	0	0
	177,549	161,800
	<u>177,549</u>	<u>161,800</u>
	239,858	239,858
	63,184	285,760
	<u>303,042</u>	<u>525,618</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2008								
Borrowings								
Fixed Rate								
Debentures	0	16,335	0	0	93,277	287,191	396,803	6.73%
Weighted Average Effective Interest Rate		5.91%			7.07%	6.66%		
Year Ended 30 June 2007								
Borrowings								
Fixed Rate								
Debentures	6,000	31,745	0	0	112,819	135,196	285,760	6.47%
Weighted Average Effective Interest Rate	0.00%	5.91%			7.07%	6.39%		



**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF WAGIN**

Report on the Financial Report

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

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

Statutory Compliance

During the course of the audit we became aware of the following instance where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Submission of Financial Report

The accounts and financial report for the year ended 30 June 2008 were not submitted to the auditor by 30 September 2008 as required by section 6.4(3) of the Act.

Monthly Creditors Payment Listing

The monthly creditors payment listing (list of accounts) for March 2008, April 2008 and May 2008 was not recorded in (attached to) the minutes of the meeting at which it was presented as required by Financial Management Regulation 13 (3) (b).

Monthly Financial Reports

The monthly financial reports for each month of the year were presented to Council as required by Financial Management Regulation 34. However, for the full year to June 2008, they did not contain the following information:

- i) Material variances between the year to date actual and budgeted income and expenditure as required by Financial Management Regulation 34 (1) (d); and
- ii) An explanation of each of the variances referred to in i) above as required by Financial Management Regulation 34 (2) (b).

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



GREG GODWIN
PARTNER

Date: 18 November 2008
Perth, WA
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