

SHIRE OF WAGIN



2004/2005 ANNUAL REPORT



Shire of Wagin

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Shire Statistics

Population	1,845
Number of Electors	1,310
Number of Dwellings	889
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	\$1,176,592
Total Revenue	\$4,347,653
Council Employees	43

Tourist Attractions

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

Local Industries

Wool, Grain, Engineering Manufacture, Seedworking, Pet Food Production

Significant Local Events

Wagin Woolorama — 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, Arts & Crafts Exhibition — November, Apex Christmas Street Carnival — December.

Cover Page

This photo was taken by Wings Photographics Aerial Photographers in September 2005 and pictures Parkeyerring Lake, Little Parkeyerring Lake, Lake Quarbing, Little Norring Lake, Norring Lake, Salt Lake and Lime Lake.

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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.



(From Left to Right: Back Row, Cr Dohle, Cr Ballantyne, Cr Cumming, Cr Blight, Cr Scanlon, Cr Morgan, Cr Draper. Front Row, Cr Pugh, Cr Johnson, Cr Brockway, CEO Ian Fitzgerald, Cr Rowell)

The Shire of Wagin elected members as at 30th June 2005 are -

Cr MJ (Marilyn) Brockway – Shire President

Elected to office in 1997, Retiring 2009

- Finance & General Purposes Committee
- Telecentre Committee
- Stay on Your Feet Management Program
- Roadwise Committee
- LEMAC & Safer WA Committee
- Civic Awards Committee
- Audit Committee
- Wagin Woodanilling Landcare Zone
- Land Conservation District Committee
- Health Building & Town Planning Committee
- Rural Town Rescue Committee
- Swimming Pool Redevelopment Committee
- WALGA Central Zone
- Lakes Sub-Regional Road Group
- Landcare Project Management Committee

Cr RP (Raymond) Johnson – Deputy Shire President

Elected to office in 1999, Retiring 2007

- Works & Services Committee
- Finance & General Purposes Committee
- Sportsground Advisory Community Centre Management Committee
- WALGA Central Zone
- Woolorama Committee
- Lakes Sub-Regional Road Group
- 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
- School Bus Committee
- Audit Committee

Cr PJ (Phillip) Blight

Elected to office in 1992, Retiring 2007

- Finance & General Purposes Committee
- Rural Towns Rescue Committee
- Sportsground Advisory Community Centre Management Committee
- Audit Committee
- Telecentre Committee
- Land Conservation Committee
- Lakes Sub-Regional Road Group (Proxy)

Cr HD (Helen) Rowell

Elected to office in 2001, Retiring 2009

- Health, Building & Town Planning Committee
- Townscape & Tidy Towns Advisory Committee
- Swimming Pool Redevelopment Committee
- Historical Village Committee
- Wagin Tourist Committee
- Frail Aged Hostel Committee
- Roadwise Committee
- LEMAC & Safer WA Committee

Cr EN (Ted) Pugh

Elected to office in 2003, Retiring 2007

- Works & Services Committee
- Finance & General Purposes Committee
- Swimming Pool Redevelopment Committee
- Cottage Homes Committee
- Roadwise Committee
- LEMAC & Safer WA Committee
- Audit Committee
- Rural Towns Rescue Committee
- Community Bus Committee

Cr KM (Keith) Draper

Elected to office in 2003, Retiring 2007

- Works & Services Committee
- Finance & General Purposes Committee
- Health, Building & Town Planning Committee
- Townscape & Tidy Towns Advisory Committee
- Audit Committee
- Swimming Pool Redevelopment Committee
- Sportsground Advisory Community Centre Management Committee
- Frail Aged Hostel Committee

Cr DK (Dean) Morgan

Elected to office in 2003, Retiring 2009

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

Cr AC (Austin) Dohle

Elected to office in 2005, Retiring 2009

- Works & Services Committee
- Swimming Pool Redevelopment Committee
- Bushfire Advisory Committee
- Wagin Woodanilling Landcare Zone

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2009

- Works & Services Committee
- Health, Building & Town Planning Committee
- Swimming Pool Redevelopment Committee

Cr AP (Andrew) Scanlon

Elected to office in 2005, Retiring 2007

- Health, Building & Town Planning
- Sportsground Advisory Community Centre Management Committee

Elections are normally held biennially on the first Saturday in May and are subject to electoral procedures as governed by the Local Government Act. 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. All meetings commence at 7pm and 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	Ian Fitzgerald
Deputy Chief Executive Officer	Braden Fisher
Principal Environmental Health Officer & Building Surveyor	Denis Archer
Works Manager	Allen Hicks
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

Presidents Report

I have pleasure in presenting to you my report for the 2004/05 financial year and Council's Annual Report for the same period.

At the Local Government elections in May 2005 three new councillors were elected to the Shire of Wagin and several other councillors, including myself, were re-elected. I welcome Austin Dohle, Andrew Scanlon and Lachlan (Locko) Ballantyne to Council.

With the election of three new councillors we also saw the retirement of long serving members Peter Piesse, Graham Riseborough and Tony Hansen. They have served the community with distinction with Peter Piesse serving as Shire President for four years and on your behalf I thank them for the time and effort they devoted to serving our community.



One of the major achievements during 2004/05 was the completion of the redevelopment of the Wagin Recreation Centre and construction of the new building to replace the Toms Building. This project has given the community access to first class facilities we should all be very proud of.

Council continues to be an active member of the Department of Agriculture's Rural Towns Program. This program is designed to assist towns such as Wagin address many water table and salinity issues within the townsite. Over the past 12 months a range of survey and monitoring activities have taken place as well as the installation of several bores. Test pumping of three bores have taken place and a long term pump is proposed for later in 2005 to see what effect this may have on the water table levels.

Council hosted a New Residents Reception in the new building at the recreation centre in February 2005, this again proved to be a very popular and successful function with some eighty five people attending including over thirty 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.

Council and I receive support from our staff and I would like to acknowledge the efforts of Chief Executive Officer Ian Fitzgerald and his 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. In May 2005 Council re-elected me as their Shire President for the next 2 years and I thank them for the confidence they have shown in me to represent and lead our wonderful community.

Cr MJ Brockway
Shire President

Chief Executive Officer's Report

I have pleasure in presenting my report on the activities of the 2004/05 financial year.

Administration and Finance

The 2004/05 annual budget was adopted by Council at the July ordinary Council meeting with an increase in rate revenue of 5%. Minor changes were made to the rubbish collection charges and the minimum rate charge levied by Council. 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 over 70% of rates being collected during this period.

Staff

There have been a number of staff changes again this year and this always puts pressure on the existing staff. I would like to acknowledge the appointment to newly created positions of Fiona Kirk (Recreation Manager) and Dominique Hodge (Finance Officer). Staff that left during the year included Mark Stubna, Lance Mudgway, Londa Hegarty, Frank George, Ian Murdoch, Barry Hayden, and Craig McKenna.

Loans

During 2004/05 Council raised two new loans. A loan of \$145,000 was raised for the Wagin Recreation Centre Project and a loan of \$60,000, on a self supporting basis, was raised on behalf of the Wagin Agricultural Society. The outstanding principal on all loans as at 30 June 2005 was \$409,597.

Reserve Accounts

The overall balance of our reserve accounts as at 30th June 2005 was \$525,196 as compared to \$563,594 at the same time in 2004. The major change was in the Plant Reserve with funds used to purchase a new grader.

Health Building and Town Planning

This financial year a total of 44 building licenses with a value of \$1,690,405 were issued including licenses for 7 new residences and major extensions to 6 other properties.

Council also dealt with a number of applications for planning approval and worked through a review of their Town Planning Scheme for the district.

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

Works and Services

The 2004/05 works program was a major achievement for Works Manager Allen Hicks and his staff for it was the first occasion for a number of years the program was actually completed.



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
- upgrade of the Stewart Road – Dumbleyung Road intersection
- gravel sheeting on Walkers, Jaloran, Beaufort, Collanning & Flagstaff Road
- upgrade of footpaths near the School and Palace Hotel
- reseal of a number of town streets



The major plant purchase during the year was a Caterpillar Grader replacing the Komatsu Grader owned for a number of years. A number of light vehicles were upgraded during the year.

Freedom of Information

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2004/05 no applications were received for information under the terms of this legislation.

Wagin Medical Centre

Council continued its direct management of the Wagin Medical Centre and several special days such as the Men's Health Day were successfully conducted. A range of services are now provided by the centre and staff are always on the look out for any new service that can be hosted to benefit members of the community.

Other

During the year other matters of note that took place included

- Council agreeing to provide an accounting and payroll service for Waratah Lodge
- the introduction of a Community Newsletter - Council Capers which is produced monthly and distributed to over 730 recipients
- continued involvement in the Rural Towns Program including test pumping of some bore sites
- trip to China with Arthur & Wendy Pederick in association with an emu oil project initiated by the Chinese.

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 2004/2005 or any existing Local Laws reviewed.

Structural Reform

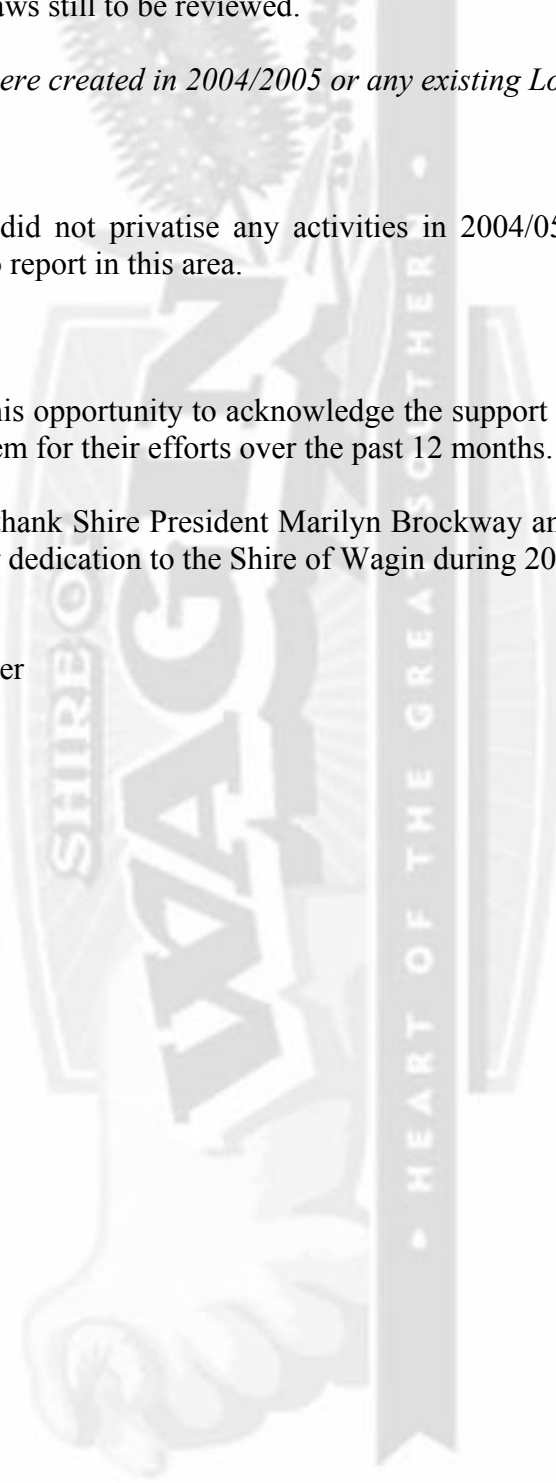
The Shire of Wagin did not privatise any activities in 2004/05 consequently there were no obligations to report in this area.

Conclusion

I would like to take this opportunity to acknowledge the support I have received from my staff and thank them for their efforts over the past 12 months.

In addition I wish to thank Shire President Marilyn Brockway and all Councillors for their support and their dedication to the Shire of Wagin during 2004/05.

Ian Fitzgerald
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 2004/05 Council constructed a dual use path along Upland St and throughout the Wetlands Park. In addition, extensive brick paving was completed at the School and Palace Hotel locations. As part of the Recreation Centre redevelopment two disabled ramps were incorporated into the existing Recreation Centre and the new Function Centre buildings. A disabled toilet was also constructed within the new function centre. At the Wagin Caravan Park disabled access was provided to the gazebo and barbecue facilities.

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 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 will be established. It is proposed that this project will be commenced in 2005/06 as per the Adopted Budget.

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.

Plan for the Future

In previous Annual Reports information pertaining to the status of various principal activities was reported. Due to legislation amendments there is no longer a requirement for the Shire of Wagin to prepare a Principal Activities Plan. Instead a document referred to as a Plan for the Future of the District is to be completed in the 2005/06 financial year.

It is a requirement of the Local Government Act 1995 (Section 5.53) that an overview of the plan for the future of the district is made, including major initiatives that are proposed to commence or continue in the next financial year.

In 2005/06 the Shire of Wagin will formally adopt a 10 year plan for the future of the district. This process will be conducted in consultation with a long term strategic plan, including suitable community consultation to assist in identifying the future needs of our community.

SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

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SHIRE OF WAGIN

FINANCIAL REPORT

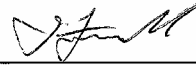
FOR THE YEAR ENDED 30TH JUNE 2005

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 2005 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wagin 30th June 2005 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 27th day of September 2005.



Ian Fitzgerald
Chief Executive Officer

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Annual Report 2004/2005

SHIRE OF WAGIN

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2005 \$	2005 Budget \$	2004 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		37,990	543,100	5,269
General Purpose Funding		2,068,385	2,069,356	2,017,853
Law, Order, Public Safety		141,220	29,800	33,065
Health		37,876	128,074	44,930
Education and Welfare		274,154	302,625	413,297
Community Amenities		133,965	114,400	115,614
Recreation and Culture		433,834	571,951	536,845
Transport		400,243	532,223	416,681
Economic Services		259,164	315,594	266,965
Other Property and Services		560,822	2,329,870	289,228
	2	<u>4,347,653</u>	<u>6,936,993</u>	<u>4,139,747</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		301,483	298,256	248,928
General Purpose Funding		259,193	215,043	279,818
Law, Order, Public Safety		53,812	54,332	48,363
Health		132,553	143,932	146,118
Education and Welfare		297,349	323,376	370,296
Community Amenities		153,636	183,500	162,515
Recreation & Culture		560,873	549,762	415,261
Transport		1,193,651	1,044,765	1,301,703
Economic Services		472,634	658,820	419,019
Other Property and Services		673,657	2,205,981	247,101
	2	<u>4,098,642</u>	<u>5,677,767</u>	<u>3,639,122</u>
BORROWING COSTS EXPENSE				
Governance		353	6,929	1,699
Health		11,311	15,867	12,375
Community Amenities		0	6,000	0
Recreation & Culture		4,633	9,315	0
Other Property & Services		3,238	0	3,238
	2	<u>19,535</u>	<u>38,111</u>	<u>17,312</u>
NET RESULT		<u>229,476</u>	<u>1,221,115</u>	<u>483,313</u>

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

Shire of Wagin
Annual Report 2004/2005

SHIRE OF WAGIN			
STATEMENT OF FINANCIAL POSITION			
AS AT 30TH JUNE 2005			
	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash Assets	3	774,856	693,623
Receivables	4	320,315	341,101
Inventories	5	25,083	33,598
TOTAL CURRENT ASSETS		1,120,254	1,068,322
NON-CURRENT ASSETS			
Receivables	4	119,431	88,476
Property, Plant and Equipment	6	5,817,620	5,239,529
Infrastructure	7	16,193,613	16,244,898
TOTAL NON-CURRENT ASSETS		22,130,664	21,572,903
TOTAL ASSETS		23,250,918	22,641,225
CURRENT LIABILITIES			
Payables	8	303,305	163,118
Interest-bearing Liabilities	9	44,291	31,348
Provisions	10	181,817	121,682
TOTAL CURRENT LIABILITIES		529,413	316,148
NON-CURRENT LIABILITIES			
Interest-bearing Liabilities	9	365,306	214,956
Provisions	10	130,656	114,054
TOTAL NON-CURRENT LIABILITIES		495,962	329,010
TOTAL LIABILITIES		1,025,375	645,158
NET ASSETS		22,225,543	21,996,067
EQUITY			
Retained Surplus		21,700,347	21,432,473
Reserves - Cash Backed	11	525,196	563,594
TOTAL EQUITY		22,225,543	21,996,067

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

Shire of Wagin
Annual Report 2004/2005

SHIRE OF WAGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2005 \$	2004 \$
RETAINED SURPLUS			
Balance as at 1 July 2004		21,432,473	20,697,921
Net Result		229,476	483,313
Transfer from/(to) Reserves		<u>38,398</u>	<u>251,239</u>
Balance as at 30 June 2005		<u>21,700,347</u>	<u>21,432,473</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2004		563,594	814,833
Amount Transferred (to)/from Retained Surplus		<u>(38,398)</u>	<u>(251,239)</u>
Balance as at 30 June 2005	11	<u>525,196</u>	<u>563,594</u>
 TOTAL EQUITY		 <u>22,225,543</u>	 <u>21,996,067</u>

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

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SHIRE OF WAGIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2005 \$	2005 Budget \$	2004 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,121,338	1,130,000	1,064,656
Grants and Subsidies - operating		1,368,256	1,082,118	1,203,818
Contributions, Reimbursements & Donations		273,746	146,694	406,111
Fees and Charges		239,862	241,220	225,763
Interest Earnings		60,850	60,000	77,719
Goods and Services Tax		315,856	200,000	18,777
Other		446,863	2,423,067	481,249
		<u>3,826,771</u>	<u>5,283,099</u>	<u>3,478,093</u>
Payments				
Employee Costs		(1,760,222)	(1,435,379)	(1,250,630)
Materials and Contracts		(219,131)	(1,928,693)	(1,027,500)
Utilities (gas, electricity, water, etc)		(92,142)	(165,350)	(168,373)
Insurance		(84,026)	(85,325)	(117,509)
Interest		(19,428)	(16,712)	(17,919)
Goods and Services Tax		(315,856)	(200,000)	0
Other		(666,959)	(1,407,552)	(404,013)
		<u>(3,157,764)</u>	<u>(5,239,011)</u>	<u>(2,985,944)</u>
Net Cash Provided By (Used In)				
Operating Activities	12(b)	<u>669,007</u>	<u>44,088</u>	<u>492,149</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	(215,000)	0
Payments for Purchase of Property, Plant & Equipment		(1,344,668)	(1,849,748)	(1,809,504)
Payments for Construction of Infrastructure		(436,963)	(603,393)	(322,870)
Grants/Contributions for the Development of Assets		680,196	695,804	636,281
Proceeds from Sale of Land & Buildings		16,000	45,000	62,142
Plant & Equipment		377,297	411,500	351,731
		<u>377,297</u>	<u>411,500</u>	<u>351,731</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(708,138)</u>	<u>(1,515,837)</u>	<u>(1,082,220)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(41,707)	38,111	(36,072)
Proceeds from Self Supporting Loans		(42,929)	20,163	8,403
Proceeds from New Debentures		205,000	720,000	0
		<u>205,000</u>	<u>720,000</u>	<u>0</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>120,364</u>	<u>778,274</u>	<u>(27,669)</u>
Net Increase (Decrease) in Cash Held		81,233	(693,475)	(617,740)
Cash at Beginning of Year		693,623	693,475	1,311,363
Cash at End of Year	12(a)	<u><u>774,856</u></u>	<u><u>0</u></u>	<u><u>693,623</u></u>

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

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and the Local Government Act 1995 (as amended) 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.

(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 18 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 Statement of Financial Position are stated inclusive of applicable GST.

(d) Fixed Assets

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

The value of all infrastructure assets (other than land under roads) has been recorded in the Statement of Financial Position. Bridges and land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2001, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2001.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on first application of the Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

(e) Land Held for Resale

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

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

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Depreciation of Non-Current Assets

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

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

Buildings	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

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

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

(i) 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 statement of financial position and operating statement. Information about the joint venture is set out in Note 15.

(j) 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 and Annual Leave

The provision for employees' benefits to wages, salaries and annual leave represents the amount that the municipality has a present obligation to pay resulting from employees services 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

The provision for employees' benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(k) 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(e). 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.

(l) Superannuation

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

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(m) **Interest Rate Risk**

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21(e).

(n) **Credit Risk**

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

(o) **Net Fair Values**

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

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

(p) **Rounding Off Figures**

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

(q) **Comparative Figures**

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

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. REVENUES AND EXPENSES	2005	2004	
	\$	\$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit	5,500	7,180	
- Other Services	0	2,500	
Bad and Doubtful Debts			
Rates	0	0	
Sundry Debtors	0	0	
Depreciation			
Buildings	96,138	75,170	
Furniture and Equipment	31,367	22,094	
Plant and Equipment	223,038	163,804	
Infrastructure	488,248	480,167	
Tools	1,083	496	
	<u>839,874</u>	<u>741,731</u>	
Rental Charges			
- Operating Leases	<u>0</u>	<u>0</u>	
(ii) Crediting as Revenue:			
	2005	2005	2004
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	29,694	37,482	30,845
- Other Funds	23,325	22,518	39,196
Other Interest Revenue (refer note 26)	7,831	7,000	7,678
	<u>60,850</u>	<u>67,000</u>	<u>77,719</u>

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. REVENUES AND EXPENSES (Continued)

(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type	2005 \$	2004 \$
Revenues from Ordinary Activities		
Rates (refer note 22)	1,131,730	1,076,405
Grants and Subsidies - operating (refer note 28)	1,368,256	1,203,818
Grants and Subsidies - non-operating (refer note 28)	680,196	636,281
Contributions Reimbursements and Donations	273,746	406,111
Profit on Asset Disposals (refer note 19)	13,042	91,957
Service Charges (refer note 24)	0	0
Fees and Charges (refer note 27)	239,862	225,764
Interest Earnings (refer note 2(a))	60,850	77,719
Other Revenue	579,972	421,692
	<u>4,347,653</u>	<u>4,139,747</u>
Expenses from Ordinary Activities		
Employee Costs	1,814,914	1,290,517
Materials and Contracts	389,771	914,976
Utilities (gas, electricity, water, etc)	92,142	168,373
Depreciation on Non-current Assets (refer note 2(a))	839,874	741,731
Loss on Asset Disposals (refer note 19)	34,695	2,003
Insurance	84,026	117,509
Other	843,220	404,013
	<u>4,098,642</u>	<u>3,639,122</u>
Interest/Borrowing Costs (refer Note 2(c))	19,535	17,312
	<u>4,118,177</u>	<u>3,656,434</u>
(c) Borrowing Costs Expense		
Comprises:		
Finance Lease Charges	0	0
Debentures (refer Note 21(a))	19,535	17,312
	<u>19,535</u>	<u>17,312</u>

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. REVENUES AND EXPENSES (Continued)

(d) 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

(d) 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.

	2005	2004
	\$	\$
(e) 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)	36,653	49,997
FACS Small Equipment (Economic Services)	1,213	0
Rural Towns Programme (Economic services)	0	63,663
Envirofund Projects (Economic Services)	69,312	79,264
HVPA (Economic Services)	0	9,608
Search Projects (Economic Services)	0	5,150
Landcare Seedlings (Economic Services)	0	8,859
Wagin Lakes Project (Economic Services)	0	34,255
Landcare Projects (Economic Services)	0	125,217
	107,178	376,013
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)	15,588	37,159
Envirofund Projects (Economic Services)	48,833	0
Integrated Catchment Management Fund	4,950	0
Crime Prevention Grant	6,200	0
	75,571	37,159

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

	2005	2004
	\$	\$
(e) 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)	30,587	52,667
FACS Small Equipment (Economic Services))	1,213	0
Rural Towns Programme (Economic services)	0	88,233
Envirofund Projects (Economic Services)	69,312	82,937
HVPA (Economic Services)	0	6,371
Landcare Projects	0	66,927
Landcare Seedlings	0	8,859
	101,112	305,994
Closing balances of unexpended grants	81,637	107,178
Comprises:		
Community Aged Care Packages (Education & Welfare)	32,857	36,653
FACS Small Equipment (Economic Services)	0	1,213
Envirofund Projects	37,630	69,312
Integrated Catchment Management Fund	4,950	0
Crime Prevention Grant	6,200	0
	81,637	107,178

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2004 \$
3. CASH ASSETS		
Unrestricted	168,023	22,851
Restricted	<u>606,833</u>	<u>670,772</u>
	<u>774,856</u>	<u>693,623</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	119,254	89,444
Plant Reserve	69,195	179,726
Municipal Buildings Reserve	150,118	142,604
Recreation & Development Reserve	79,126	3,919
Administration Centre Furniture & Equipment Reserve	23,153	46,408
Recreation Centre Equipment Reserve	9,961	7,753
Aerodrome Maintenance & Development Reserve	1,014	10,463
Land Development Reserve	22,893	21,748
Community Bus Reserve	18,197	14,255
HACC Plant & Leave Reserve	32,285	47,274
Unspent Grants	<u>81,637</u>	<u>107,178</u>
	<u>606,833</u>	<u>670,772</u>
4. RECEIVABLES		
Current		
Rates Outstanding	76,481	65,438
Rates Outstanding - Pensioners	0	3,551
Sundry Debtors	234,778	309,493
GST Receivable	29,021	0
Self Supporting Loans	23,426	8,551
Provision for Doubtful Debts	<u>(43,391)</u>	<u>(45,932)</u>
	<u>320,315</u>	<u>341,101</u>
Non-Current		
Rates Outstanding - Pensioners	24,479	21,579
Loans - Clubs/Institutions	<u>94,952</u>	<u>66,897</u>
	<u>119,431</u>	<u>88,476</u>
5. INVENTORIES		
Current		
Fuel and Materials	<u>25,083</u>	<u>33,598</u>
	<u>25,083</u>	<u>33,598</u>

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	4,848,150	4,453,346
Less Accumulated Depreciation	<u>(1,021,934)</u>	<u>(925,796)</u>
	3,826,216	3,527,550
Furniture and Equipment - Cost	598,275	466,676
Less Accumulated Depreciation	<u>(294,933)</u>	<u>(263,567)</u>
	303,342	203,109
Plant and Equipment - Cost	2,466,232	2,202,512
Less Accumulated Depreciation	<u>(784,322)</u>	<u>(700,878)</u>
	1,681,910	1,501,634
Tools - Cost	11,355	11,355
Less Accumulated Depreciation	<u>(5,202)</u>	<u>(4,119)</u>
	6,153	7,236
	<u>5,817,620</u>	<u>5,239,529</u>

Effective from 1 July 2001, Council deemed the carrying amount of Land and Buildings to be their cost in accordance with the requirements on first application of Accounting Standard AASB 1041 "Revaluation of Non-Current Assets". For further details on this change in accounting policy refer to Note 1 (d).

Valuations of Land and Buildings Measured at Cost Basis

In accordance with the requirements of AAS36 'Statement of Financial Position' the current valuation of land and buildings disclosed above and measured on the cost basis is as follows:

Current Valuation: \$5,404,610

The above valuation is a management valuation based on the written down replacement cost of all of Council's land and buildings as at 30 June 2005.

It is not considered independent in nature.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

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 \$	Plant & Equipment \$	Furniture & Equipment \$	Tools \$	Total \$
Balance as at 1 July 2004	3,527,550	1,501,634	203,109	7,236	5,239,529
Additions	417,929	795,139	131,600	0	1,344,668
(Disposals)	(23,125)	(391,825)	0	0	(414,950)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Write-downs	0	0	0	0	0
Depreciation (Expense)	(96,138)	(223,038)	(31,367)	(1,083)	(351,626)
Other Movements	0	0	0	0	0
Balance as at 30 June 2005	3,826,216	1,681,910	303,342	6,153	5,817,621

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
7. INFRASTRUCTURE		
Infrastructure - Cost	19,967,354	19,530,391
Less Accumulated Depreciation	<u>(3,773,741)</u>	<u>(3,285,493)</u>
	16,193,613	16,244,898
	<u>16,193,613</u>	<u>16,244,898</u>

The valuations of the municipality's infrastructure were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

Effective from 1 July 2001, Council deemed the carrying amount of Infrastructure assets to be their cost in accordance with the requirements on first application of Accounting Standard AASB 1041 "Revaluation of Non-Current Assets". For further details on this change in accounting policy refer to Note 1(d).

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 1041.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

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.

	Infrastructure \$
Balance as at 1 July 2004	16,244,898
Additions	436,963
(Disposals)	0
Revaluation - Increments	0
- (Decrements)	0
Write-downs	0
Depreciation (Expense)	(488,248)
Other Movements	0
Balance as at 30 June 2005	16,193,613

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SHIRE OF WAGIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2005

	2005	2004
	\$	\$
8. PAYABLES		
Current		
Sundry Creditors	295,440	133,315
Accrued Interest on Loans	4,014	3,907
Accrued Salaries and Wages	3,851	25,896
	<u>303,305</u>	<u>163,118</u>
9. INTEREST-BEARING LIABILITIES		
Current		
Secured by Floating Charge		
Debentures	44,291	31,348
Lease Liability	0	0
	<u>44,291</u>	<u>31,348</u>
Non-Current		
Secured by Floating Charge		
Debentures	365,306	214,956
Lease Liability	0	0
	<u>365,306</u>	<u>214,956</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	131,907	94,398
Provision for Long Service Leave	49,910	27,284
	<u>181,817</u>	<u>121,682</u>
Non-Current		
Provision for Annual Leave	38,032	40,730
Provision for Long Service Leave	92,624	73,324
	<u>130,656</u>	<u>114,054</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2005 Budget \$	2004 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	89,444	89,160	95,802
Amount Set Aside / Transfer to Reserve	29,810	44,411	3,642
Amount Used / Transfer from Reserve	0	(52,169)	(10,000)
	<u>119,254</u>	<u>81,402</u>	<u>89,444</u>
(b) Plant Reserve			
Opening Balance	179,726	179,249	173,179
Amount Set Aside / Transfer to Reserve	9,469	8,868	6,547
Amount Used / Transfer from Reserve	(120,000)	(120,000)	0
	<u>69,195</u>	<u>68,117</u>	<u>179,726</u>
(c) Municipal Buildings Reserve			
Opening Balance	142,604	142,338	96,803
Amount Set Aside / Transfer to Reserve	7,514	27,042	45,801
Amount Used / Transfer from Reserve	0	(150,000)	0
	<u>150,118</u>	<u>19,380</u>	<u>142,604</u>
(d) Recreation & Development Reserve			
Opening Balance	3,919	3,077	307,322
Amount Set Aside / Transfer to Reserve	75,207	75,152	11,597
Amount Used / Transfer from Reserve	0	0	(315,000)
	<u>79,126</u>	<u>78,229</u>	<u>3,919</u>
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	46,408	46,324	30,264
Amount Set Aside / Transfer to Reserve	2,445	2,292	16,144
Amount Used / Transfer from Reserve	(25,700)	(25,700)	0
	<u>23,153</u>	<u>22,916</u>	<u>46,408</u>
(f) Recreation Centre Equipment Reserve			
Opening Balance	7,753	7,737	5,736
Amount Set Aside / Transfer to Reserve	2,208	2,183	2,017
Amount Used / Transfer from Reserve	0	0	0
	<u>9,961</u>	<u>9,920</u>	<u>7,753</u>
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	10,463	10,466	5,264
Amount Set Aside / Transfer to Reserve	551	518	5,199
Amount Used / Transfer from Reserve	(10,000)	(10,000)	0
	<u>1,014</u>	<u>984</u>	<u>10,463</u>

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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

	2005 \$	2005 Budget \$	2004 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Land Development Reserve			
Opening Balance	21,748	41,692	20,955
Amount Set Aside / Transfer to Reserve	1,145	47,063	793
Amount Used / Transfer from Reserve	0	(65,000)	0
	<u>22,893</u>	<u>23,755</u>	<u>21,748</u>
(i) Community Bus Reserve			
Opening Balance	14,255	14,324	11,230
Amount Set Aside / Transfer to Reserve	3,942	3,609	3,025
Amount Used / Transfer from Reserve	0	0	0
	<u>18,197</u>	<u>17,933</u>	<u>14,255</u>
(j) H.A.C.C. Plant & Leave Reserve			
Opening Balance	47,274	72,020	68,278
Amount Set Aside / Transfer to Reserve	2,491	3,563	2,581
Amount Used / Transfer from Reserve	(17,480)	(12,073)	(23,585)
	<u>32,285</u>	<u>63,510</u>	<u>47,274</u>
TOTAL CASH BACKED RESERVES	<u>525,196</u>	<u>386,146</u>	<u>563,594</u>

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

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

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.

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11. RESERVES (Continued)

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.

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 and 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 Leave & Plant 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 2005/2006 financial year.

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12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2005 \$	2005 Budget \$	2004 \$
Cash Assets	<u>774,856</u>	<u>0</u>	<u>693,623</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	229,476	1,221,115	483,313
Depreciation	839,874	689,044	741,731
Bad and Doubtful Debts	0	0	0
(Increase)/Decrease in Receivables	32,761	(581,752)	66,584
(Profit)/Loss on Sale of Asset	21,653	15,000	(89,954)
(Increase)/Decrease in Inventories	8,515	(65,000)	(8,537)
Increase/(Decrease) in Payables	140,187	(365,000)	(104,593)
Increase/(Decrease) in Employee Provisions	76,737	(173,515)	39,886
Grants/Contributions for the Development of Assets	(680,196)	(695,804)	(636,281)
Net Cash from Operating Activities	<u>669,007</u>	<u>44,088</u>	<u>492,149</u>
(c) Credit Standby Arrangements			
Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	15,000		4,000
Credit Card Balance at Balance Date	(1,477)		(1,197)
Total Amount of Credit Unused	<u>13,523</u>		<u>2,803</u>
(d) Loan Facilities			
Loan Facilities - Current	44,291		31,348
Loan Facilities - Non-Current	365,306		214,956
Total Facilities in Use at Balance Date	<u>409,597</u>		<u>246,304</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

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13. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council has no Finance Leases or Hire Purchase Commitments

(b) Operating Lease Commitments

Council has no Operating Lease Commitments

(c) Capital Expenditure Commitments

Nil

14. CONTINGENT LIABILITIES

Nil

15. JOINT VENTURE

The Shire together with the Shires of Dumbleyung and Woodanilling have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The only assets are a motor vehicle and miscellaneous equipment. Council owns all assets associated with the provision of the service, including rental accommodation.

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2005	2,004
	\$	\$
Governance	521,850	434,733
General Purpose Funding	0	0
Law, Order, Public Safety	129,177	27,679
Health	560,454	549,967
Education and Welfare	247,214	227,325
Community Amenities	88,514	164,954
Recreation and Culture	2,920,269	2,366,879
Transport	17,413,837	17,580,337
Economic Services	129,919	129,762
Other Property and Services	0	2,792
Unallocated	1,239,685	1,156,797
	<u>23,250,919</u>	<u>22,641,225</u>

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17. FINANCIAL RATIOS	2005	2004	2003
Current Ratio	1.25	1.75	1.37
Untied Cash to Trade Creditors Ratio	0.57	0.17	0.51
Debt Ratio	0.04	0.03	0.03
Debt Service Ratio	0.02	0.01	0.01
Gross Debt to Revenue Ratio	0.09	0.06	0.08
Gross Debt to Economically Realisable Assets Ratio	0.06	0.04	0.05
Rate Coverage Ratio	0.26	0.18	0.24
Outstanding Rates Ratio	0.08	0.08	0.08

The above rates 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	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

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18. 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-04 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-05 \$
Sundry Other Deposits	500	11,150	(11,150)	500
Nomination Deposits	0	640	(640)	0
Hall & Recreation Centre Hire Deposits	625	2,050	(2,000)	675
B.C.I.T.F. Levies	0	2,961	(2,806)	155
B.R.B Levies	0	1,170	(1,020)	150
Unclaimed Monies	1,354	98	0	1,452
Community Bus	0	300	(200)	100
Prepaid Rates	0	752	0	752
Dept of Transport Licensing	16,094	8,167	(16,094)	8,167
	<u>18,573</u>			<u>11,951</u>

19. DISPOSALS OF ASSETS - 2004/05 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land						
Other Property & Services						
Lot 61 Pederick Drive	23,125	72,000	16,000	45,000	(7,125)	(27,000)
Plant & Equipment						
Governance						
2004 Ford Fairlane W1	33,837	38,000	36,536	40,000	2,699	2,000
2004 Ford BA Falcon W001	22,130	23,500	22,570	24,000	440	500
2004 Ford Fairlane W1	34,054	38,000	36,564	40,000	2,510	2,000
2004 Ford Falcon XR6 W001	31,066	23,500	31,320	24,000	254	500
2004 Ford Fairlane W1	32,337	38,000	36,894	40,000	4,557	2,000
Health						
2002 Ford Laser Laser LXI	12,717	12,000	12,982	13,000	265	1,000
2004 Ford BA Falcon W401	22,921	23,500	22,697	24,000	(224)	500
2004 Ford BA Falcon W401	22,258	23,500	22,849	24,000	591	500
2004 Ford BA Falcon W401	23,454	0	23,026	0	(428)	0
2004 Ford Fairmont W1479	26,526	28,000	28,252	30,500	1,726	2,500
Education & Welfare						
2003 Ford BA Falcon W468	23,333	22,000	22,571	24,000	(762)	2,000
Transport						
Komatsu GD530A-2 Grader	81,490	80,000	60,000	60,000	(21,490)	(20,000)
2004 Ford Courier Dual Cab W1008	25,702	28,000	21,036	30,000	(4,666)	2,000
Holden Rodeo Utility	0	8,500	0	18,000	0	9,500
Mitsubishi Canter	0	13,000	0	15,000	0	2,000
Slasher	0	0	0	5,000	0	5,000
	<u>414,950</u>	<u>471,500</u>	<u>393,297</u>	<u>456,500</u>	<u>(21,653)</u>	<u>(15,000)</u>

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20. BUDGET COMPARISON	2005 \$	2005 Budget \$
(a) Non Operating Revenue and Expenditure		
<p>The following is a comparison of capital revenue and expenditure and movements to and from reserve accounts and the amounts contained in the Rate Setting Statement in the annual budget.</p>		
Non Operating Revenue		
Proceeds on sale of assets	393,297	456,500
Debentures raised	205,000	720,000
Repayments of self supporting loans	17,071	15,315
Transfers from Reserves	173,180	434,942
 Non Operating Expenditure		
Principal repayment of Debentures	(41,707)	(54,623)
Construction/Purchase of Assets		
Land and Buildings	(417,929)	(988,248)
Plant and Equipment	(795,139)	(743,000)
Furniture and Equipment	(131,600)	0
Infrastructure	(436,963)	(603,393)
Transfers to Reserves	(134,782)	(214,873)

(b) Current Position at 1st July 2004

The current position balance carried forward from the previous financial year for the purpose of the 2004/05 budget was \$510,668

The actual current position balance shown in the audited financial report as at 30th June 2004 was \$112,750

The difference is \$397,918 and relates to audit adjustments primarily on receivables and payables.

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FOR THE YEAR ENDED 30TH JUNE 2005

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-04 \$	New Loans \$	Principal Repayments		Principal 30-Jun-05		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
123 Housing - 2 Ballagin Street	6,930		6,930	6,930	0	0	353	353
124 Medical Centre	163,926		15,867	15,867	148,059	148,059	11,311	11,311
126 Wagin Bowling Club ***	51,448		11,070	2,551	40,378	48,897	3,238	3,090
127 Frail Aged Lodge ***	24,000		6,000	6,000	18,000	18,000	0	0
128 Wagin Agricultural Society ***		60,000	0	6,764	60,000	53,239	0	1,758
131 Wagin Recreation Centre		145,000	1,840	0	143,160	145,000	4,633	0
	246,304	205,000	41,707	38,112	409,597	413,195	19,535	16,512

(***) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2004/05

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
128 Wagin Agricultural Society	60,000	60,000	Treasury	Debenture	4	8,249	5.91	60,000	60,000	0
129 CEO Residence #	0	200,000	Unknown	Debenture	0	0	0	0	200,000	0
130 Admin Centre #	0	150,000	Unknown	Debenture	0	0	0	0	150,000	0
131 Wagin Recreation Centre	145,000	145,000	NAB	Debenture	20	109,573	6.39	145,000	145,000	0
132 LIA Development #	0	165,000	Unknown	Debenture	0	0	0	0	165,000	0

Council elected not to proceed in raising these loans due to their associated projects not being substantially completed in 2004/2005

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21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent Loan Debenture Funds as at 30th June 2005.

(d) Overdraft

Council did not use a overdraft facility during 2004 / 2005 Financial Year and does not have any overdraft facility in place.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

Borrowings	2005 \$	2004 \$
Floating interest rates	0	0
Fixed interest rate maturing		
- within one year	0	0
- one to five years	60,000	6,930
- over five years	331,597	215,374
Non interest bearing	18,000	24,000
Total Borrowings	409,597	246,304
Weighted average effective interest rate	6.50%	6.90%

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22. RATING INFORMATION - 2004/05 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	10.5570	694	4,018,510	422,917	3,871	0	426,788	421,555	0	500	422,055
UV	1.4132	352	50,681,000	716,253	206	0	716,459	716,245	0	0	716,245
Sub-Totals		1,046	54,699,510	1,139,169	4,077	0	1,143,247	1,137,800	0	500	1,138,300
Minimum Rates											
GRV	195	10	65,876	31,200	0	0	31,200	31,590	0	0	31,590
UV	195	11	35,715	2,145	0	0	2,145	2,145	0	0	2,145
Sub-Totals		21	101,591	33,345	0	0	33,345	33,735	0	0	33,735
Specified Area Rates (refer note 24)											
Discourts (refer note 26)											
Totals							1,176,592	1,172,035			1,172,035
							(44,862)	(46,000)			(46,000)
							1,131,730	1,126,035			1,126,035

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23. SPECIFIED AREA RATE - 2004/05 FINANCIAL YEAR

The Shire of Wagin did not levy a Specified Area Rate for the 2004 / 2005 Financial Year.

24. SERVICE CHARGES - 2004/05 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2004 / 2005 Financial Year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2004/05 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5	44,862	46,000
			44,862	46,000

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

26. INTEREST CHARGES AND INSTALMENTS - 2004/05 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		6,150	5,800
Interest on Instalments Plan	6		1,681	1,200
Charges on Instalment Plan		5	2,208	1,650
			10,039	8,650

Ratepayers had the option of paying rates in four equal instalments, due on 10th September 2004, 10th November 2004, 10th January 2005 and 10th March 2005. Administration charges and interest applied for the final three instalments.

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27. FEES & CHARGES	2005 \$	2004 \$
Governance	0	0
General Purpose Funding	39,203	24,159
Law, Order, Public Safety	3,276	10,228
Education & Welfare	13,926	3,523
Health	12,783	6,083
Community Amenities	109,681	111,835
Recreation & Culture	24,099	28,342
Transport	10	0
Economic Services	25,387	28,203
Other Property & Services	11,497	13,391
	<u>239,862</u>	<u>225,764</u>

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

28. GRANT REVENUE

By Nature and Type:		
Grants and Subsidies - operating	1,368,256	1,203,818
Grants and Subsidies - non-operating	680,196	636,281
	<u>2,048,452</u>	<u>1,840,099</u>
By Program:		
General Purpose Funding	818,638	798,148
Law, Order, Public Sector	132,445	22,737
Education & Welfare	237,757	239,409
Community Amenities	0	0
Recreation and Culture	326,875	272,659
Transport	365,983	366,622
Economic Services	166,754	140,524
	<u>2,048,452</u>	<u>1,840,099</u>

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29. COUNCILLORS' REMUNERATION	2005 \$	2005 Budget \$	2004 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	5,043	7,000	5,925
President's Allowance	5,000	5,000	4,750
Deputy President's Allowance	1,250	1,250	1,200
Travelling Expenses	2,558	5,000	5,526
Telecommunications Allowance	514	600	0
	<u>14,365</u>	<u>18,850</u>	<u>17,401</u>

30. EMPLOYEES' REMUNERATION

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

Salary Range \$	2005	2004
180,000 - 189,999	0	1
200,000 - 209,999	1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>43</u>	<u>39</u>
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32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

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33. MAJOR LAND TRANSACTIONS

Council did not participate in any Major land Transactions during the 2004 / 2005 financial year.

34. 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.

	2005 \$	2005 Budget \$	2004 \$
(a) Operating Statement			
Operating Revenues			
Surgery Visits	287,761	285,000	275,392
Hospital Visits	113,254	85,000	85,793
Practice Incentive Payments	48,088	42,000	50,619
WACRRM Practice Support	1,000	5,000	5,000
Interest	718	0	0
Reimbursements	3,461	3,000	2,611
	<u>454,282</u>	<u>420,000</u>	<u>419,415</u>
 Less Operating Expenses			
Employee Expenses	363,332	349,900	322,497
Insurance	17,695	9,509	4,299
Medical Stock	10,226	7,000	6,426
Administration	19,119	27,041	35,258
Medical Centre Maintenance	8,890	16,550	16,754
Other	13,115	10,000	6,263
	<u>432,377</u>	<u>420,000</u>	<u>391,497</u>
 Operating Result	 <u><u>21,905</u></u>	 <u><u>0</u></u>	 <u><u>27,918</u></u>
 (b) Capital Expenditure			
Capital Works Program	0	5,630	0
Transfer to / From Wagin Medical Centre Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	0	5,630	0
 Net Results	 <u><u>21,905</u></u>	 <u><u>(5,630)</u></u>	 <u><u>27,918</u></u>

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FOR THE YEAR ENDED 30TH JUNE 2005

35. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

For reporting periods commencing on or after 1 January 2005, the Shire of Wagin will be required to prepare its annual financial report using Australian equivalents to International Financial Reporting Standards and their related pronouncements (AIFRSs) as issued by the Australian Accounting Standards Board (AASB).

As the AASB has prohibited the early adoption of the AIFRSs, the Shire of Wagin will report for the first time in compliance with AIFRSs in the annual financial report for the year ended 30 June 2006 (that is, the year commencing 1 July 2005).

The Shire of Wagin is required to prepare an opening balance sheet in accordance with AIFRSs as at 1 July 2004. Most adjustments required on transition to AIFRSs will be made retrospectively against opening retained earnings on 1 July 2004 in accordance with AIFRSs. Transitional adjustments relating to those standards for which comparatives are not required will only be made with effect from 1 July 2005.

The transition to AIFRSs has been managed via a process of education which includes technical training and liaison with the Shire's auditors and industry groups. This has included a review of AIFRSs to determine the effect on the Shire's existing accounting policies and treatments.

The annual financial report for the year ended 30 June 2005 will be prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and AIFRSs identified to date as potentially having a significant effect on the Shire of Wagin are summarised below.

Property, Plant and Equipment

AIFRSs provides an option to value each class of property, plant and equipment at either cost or fair value. At the transition date, an election is available under AIFRSs transition rules to use cost, fair value or deemed costs as the opening carrying value. It is the current intention of the Shire to:

- value property, plant and equipment and infrastructure on the cost basis, adjusted for any accumulated impairment balances.

It is not anticipated any adjustments to carrying values will result from the above approach. If they do, they will be recognised against opening retained earnings or past revaluation reserves in the opening balance sheet.

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35. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

Employee Benefits

AIFRSs require all long term employee benefits to be measured at present value. This treatment remains unchanged for the measurement of non current long service leave entitlements under current Australian GAAP. However, non current annual leave entitlements are currently measured at the amount the Shire expects to pay and not at present value.

It is not anticipated any such adjustment will be significant. However, adjustments to provisions, if any, will be made against opening retained earnings in the opening balance sheet and the effect on the year ended 30 June 2005 will also be adjusted via the operating statement for comparison purposes in the Shire's first AIFRSs financial report.

Impairment of Assets

Currently, assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. In determining recoverable amount, expected future cash flows are currently not discounted to their present value.

Under AIFRSs, both current and non current assets are tested for impairment on an individual basis. If this is not possible, the Shire is required to test for impairment at the "Cash Generating Unit" (CGU) level.

It is anticipated the Shire's material assets will be able to be tested for impairment on an individual basis and the CGU level will not apply.

Assets are tested for impairment where an impairment trigger (per AIFRSs) has occurred. Intangibles with indefinite useful lives will be tested annually for impairment (or more frequently if events or circumstances indicate).

To the extent any impairment is determined, this will be recognised immediately in the operating statement.

Assets may be considered impaired in one reporting period and not in subsequent periods. Therefore, it is not practicable to determine the impact of the change in accounting policy for future financial reports as any impairment or reversal thereof will be affected by future conditions.

Based upon reviews conducted to date, it is not anticipated any asset impairment will occur.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2005

35. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

Financial Assets and Financial Liabilities

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value.

On adoption of AIFRSs, the Shire will be required to classify these financial instruments into various specified categories (being either of trading assets, held to maturity investments, loans and receivables or available for sale financial assets). The classification of the instrument determines the instrument's subsequent measurement.

It is anticipated, based on definitions contained within AIFRSs, the Shire's financial assets and liabilities will be classified in the loans and receivables category and will be measured at their initial recognition amount.

Based on reviews performed to date, it is not anticipated any such adjustments will occur and if they do, they will not be significant.

However, in accordance with AIFRSs, such financial assets will be subject to annual impairment testing and to the extent any impairment testing is determined, it will be recognised immediately in the operating statement.

Assets may be considered impaired in one reporting period and not in subsequent periods. Therefore, it is not practicable to determine the impact of the change in accounting policy for future financial reports as any impairment or reversal thereof will be affected by future conditions.



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

Scope

The financial report and Council's responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows and accompanying notes to the financial statements for the Shire of Wagin for the year ended 30 June 2005.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the electors of the Shire. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedure, our audit was not designed to provide assurance on internal controls.

Independence

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

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

Audit Opinion

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Wagin as at 30 June 2005 and the results of its operations and its cash flows for the year then ended.

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

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

DAVID TOMASI
PARTNER

Date: 27 October 2005
Perth, WA
S:\David\Local Govt\Wagin\2005\21-10-05 June Audit Report.doc