



***ANNUAL REPORT***

***for the year ended  
30 June 2006***

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**THREE YEAR SUMMARY OF KEY STATISTICS**

	2005/06	2004/05	2003/04
Total number of residents			
Total number or rateable properties	315	401	395
Rates levied	\$695,871	\$649,132	\$653,372
Minimum general residential rate	\$400	\$200	\$200
Minimum general commercial rate	\$400	\$200	\$200
Minimum general pastoral rate	\$300	\$200	\$200
Minimum general mining rate	\$300	\$200	\$200
Increase in average rate			
Operating revenue	\$2,709,628	\$2,757,807	\$2,675,811
Net current assets	\$1,756,235	\$1,391,193	\$1,594,252
Untied grants revenue	\$1,625,587	\$1,536,240	\$1,683,428
Specific purpose grants revenue	\$1,047,148	\$522,599	\$124,500
Debt servicing ratio	0.04	0.04	0.04
Total number of employees (full time)	16	16	13
Building applications approved	1	6	1
Value of building applications approved	\$3,154,000	\$1,140,000	\$355,949

## **PRESIDENT'S REPORT**

It is my privilege to present the President's Report for the Shire of Yalgoo for the 2005/06 financial year.

The basic disposition of the Shire as a pastoral/mining district suggests a fairly quiet environment. Whilst in the main this is true, there have certainly been some achievements and also strategic changes.

### Land & Buildings

Notable Events included:

- substantial completion of the Old Railway Station project,
- acceptance of a lease arrangement for the fuel station,
- an upgrade to the Yalgoo Shire Hall security and improvements to the buildings appearance,
- withdrawal from Joint Venture Housing Project No 2,
- sale of the transportable on L6 Henty St,
- establishment of Yalgoo Youth Centre.

### Roadworks

The periodic impact of cyclones in this region is one that is never too far from our minds. Cyclone Clare in January 2006 was one such event and which caused extensive damage to the Shire's roads. The Shire was able to obtain significant funding for remedial works however the basis of this is that we still have to pick up 25% of the cost.

Council's share of Roads to Recovery was \$262,000 for the year the majority of which was spent on bitumen materials in sealing approximately kilometres each on the Yalgoo/Ningham Road and the Morawa Road. This effort progresses the emphasis to extending the existing seal from the Yalgoo end outwards.

### Healthy Community Project

The Healthy Community Project has been a major impetus for the Shire with some \$926,000 approved over a 4 year period to employ two Healthy Community Project staff. During the year under review the main focus was to build stronger and more sustainable families and communities.

### Volunteers

The provision of an ambulance service in Yalgoo through the St Johns Ambulance is entirely by volunteers. Yalgoo has been fortunate in having the services of Messrs Ray Winfield, Marty Cook and Bill Evans during the year.

The Royal Flying Doctor clinic at Paynes Find is supported by volunteer Don Anderson.

Council

In conclusion, I would like to thank Deputy President Stuart McSparran for his support and dedication. I would also like to thank all Councillors for their commitment to the community.

Don Anderson  
**PRESIDENT**

## ELECTED MEMBERS

### Councillors

President:	Cr Donald Edward Anderson	(Term expires 2007)
Deputy President:	Cr Stuart Douglas McSporrán	(Term expires 2009)
	Cr Darryl John Grey	(Term expires 2007)
	Cr Laurence Hodder	(Term expires 2007)
	Cr Elaine Faye Taylor	(Term expires 2007)
	Cr Damian Patrick Morrissey	(Term expires 2009)
	Cr Lorraine Joy O'Connor	(Term expires 2009)
	Cr Ellen Cecilia Rowe	(Term expires 2009)

### Attendance at Council Meetings

There were 11 Ordinary Meetings of Council held between 1 July 2005 and 30 June 2006 and no Special Meetings of Council. A breakdown of Councillor's presence at ordinary meetings is detailed in the table below.

Councillors	Ordinary Council
Cr DE Anderson	11
Cr SD McSporrán	11
Cr DJ Grey	11
Cr L Hodder	8
Cr EC Taylor	6
Cr DP Morrissey	7
Cr LJ O'Connor	10
Cr EC Rowe	9

### Councillor's Remuneration

The following fees, expenses and allowances were paid to Council Members and the President.

Fees, Expenses, Allowances	2005/06 \$	2005/06 Budget \$	2004/05 \$
Meeting Fees	10,280	14,410	7,005
President's Allowance	6,000	6,000	3,750
Deputy President's Allowance	750	-	-
Travelling Expenses	8,859	10,935	9,585
Telecommunication Allowance	4,550	4,800	3,850
Total	30,439	36,145	24,190

## **ACTING CHIEF EXECUTIVE OFFICER'S REPORT**

It is one of those quirks of local government administration which sometimes finds the person occupying the chair for the time being, compiling a report relative to a period when he was not there! With these constraints and also due to significant staff movements both during and post the financial year, the following report is presented.

### Administration Staff

During the year under review there were a number of changes to various staff positions. This included the departure of Amanda Harrower and Hannah Woods from their respective positions of Healthy Community Coordinator and Employment Opportunities Facilitator (EOF). After consultation with Amanda and Hannah, the EOF was changed to Community Capacity Builder. With their input some new guidelines were achieved. The Project had no officers until May 2006 when Michele Bentink and Denise McPhee were employed.

The Deputy Chief Executive Officer position was also subject to change, firstly with the resignation of Jeffery Dean followed by a very short term of service by Lauder Coomber.

An associated issue was the outsourcing of accounting services to former Shire auditors, UHY Haines Norton. Many small to medium local governments have taken this option due to the difficulty of obtaining and retaining suitable accounting staff. Outsourcing provides a very cost competitive alternative to the in-house approach and certainly facilitates the type of continuity in work output that is essential to running a smooth local government organisation.

### Works Staff

Mr Cliff Hodder ably led the outside works staff through another year notwithstanding the challenges following Cyclone Clare. I believe the Council and the Shire are indeed fortunate to have such a capable employee overseeing the works crew. His knowledge, skills, expertise coupled with his relaxed style enable him to be highly effective.

Long term employee, Robin Carnamah left his position at the works depot after 17 years service.

### Yalgoo Fuel Station

During the year Council made the decision to lease by private treaty the Yalgoo Fuel Station to Corvino Proprietary Limited. Commencement of the new arrangements became effective from 1 July 2006.

### Plant & Vehicles

Purchases during the year included the following:

4WD 6XL Toyota Landcruiser (CEO)	Changeover \$19,990
Caterpillar CS-433E2 Vibratory Compactor	Changeover \$65,700
Caterpillar 140H Grader	Changeover \$231,000

Mitsubishi Triton GLX Duel Cab (less insurance claim)	Changeover \$31,416
Multi-tyred Roller	Changeover \$21,100
Ford Courier 4x4 Dual Cab	Changeover \$10,370
Toyota Avensis	Changeover \$12,548

As in past years, most of the changeover costs of plant have been met from the Plant Reserve to which Council contributes each year thereby negating the need to take out loans for plant.

### Environmental Health

Environmental Health Services continue to be provided in a joint venture with the Shires of Mingenew and Morawa, based in Morawa Mr David Williams travels from Morawa every Tuesday and every second Friday or at other times when necessary.

Glenn Bone  
**ACTING CHIEF EXECUTIVE OFFICER**



## **PLAN FOR THE FUTURE**

Effective from 1 July 2006, section 5.56 of the Local Government Act 1995 replaced the need for a Principal Activity Plan with the requirement for a Plan For The Future. This was however not mandatory for the 2005/06 budget process and there is no prescribed format at this stage.

Section 5.53(e) of the Local Government Act 1995, requires local governments to include in its Annual Report an overview of the Plan for the Future including major initiatives planned to commence or continue in the next year. Unfortunately and while it would have been good practise to adopt a Plan for the Future some time after 1 July 2005, this was not tackled due to continuing administrative difficulties throughout 2005/06.

Consequently, the Shire operated under the auspices of its existing Principal Activities Plan which was operative for the period 1 July 2004 to 30 June 2008. Major activities undertaken for 2005/06 are broken down into the following categories:

### Plant & Equipment Replacement

#### Road Making Plant

- Grader #2
- Vibratory Roller
- Foreman's Utility
- Crew Utility #1
- Crew Utility #2

#### Governance

- CEO's vehicle

#### Major Capital Works

- Extension of bitumen sealing works
- Yalgoo/Morawa Road (4km)
- Yalgoo/Ninghan Road (4km)

## **NATIONAL COMPETITION POLICY**

### Background

In 1995 the Council of Australian Government entered into a number of agreements collectively known as the National Competition Policy.

The Competition Principles Agreement (CPA) is an agreement between the Commonwealth and State Governments that stipulates the manner in which governments will apply competition policy principles to public sector organisations under their jurisdiction. Local Governments are not a signatory to the CPA however they are bound to apply the same competition principles to their activities and functions by virtue of Clause 7 of the agreement. Clause 7 obliges the State Government, in consultation with local government, to apply the following competition principles to local government activities and functions:

- competitive neutrality,
- structural reform of public monopolies,
- legislation review.

### Reporting Requirements

Local governments are required by the Clause 7 Statement to report on the progress of the implementation of these competition principles that are applied to local government. The Clause 7 Statement also sets time limits within which these competition principles must be implemented.

The first requirement to be met by the Shire of Yalgoo was to include in its annual report for 1996/97 financial year an implementation agenda for competitive neutrality and legislation review. The second requirement is to provide a report on the progress made in implementing the competition principles.

### Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage merely as a result of their public sector ownership – local governments are required to identify any advantages that their significant businesses have and unless they can identify that the public benefit of the competitive advantage outweighs the costs, measures must be implemented to neutralise the competitive advantage.

This principle has been applied to the setting of some local government charges, although it is quite difficult to assess competitive advantage in remote areas where there is often no meaningful competition.

### Legislation Review

Whilst the Shire of Yalgoo reviewed most of its local laws in the 1990s, there has again been activity in this sector in 2005/06 and more recently. Put succinctly, a comprehensive review of five local laws was commenced late in 2005/06 and was completed in November 2006.

### Structural Reform

Before local governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review must be undertaken.

Where applicable, all local governments in Australia must report their adherence to structural reform principles.

Advice from the then Department of Local Government was sought with regard to the Shire's NCP structural reform obligations for 2000/2001, particularly concerning its fuel retailing operations. However, that advice was not forthcoming, consequently no action was taken.

Since 30 June 2006, the Shire of Yalgoo has relinquished its fuel retailing operations.

## **DISABILITY ACCESS AND INCLUSION PLAN**

The Disability Services Act 1993 was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans, to be fully developed by July 2007, replace and build on the achievements of Disability Services Plans (DSPs).

As staff are in the process of developing our DAIP for implementation in July 2007, we are required to report on our present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organized by the Shire.
2. Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access, ie, upgrading of Town Hall and Post Office.
3. Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it.
4. The staff are always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive.
5. People with disabilities have the same opportunities as other people to make complaints to the staff, this can be via written letters, email, SMS or verbally.
6. Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

## **RECORD KEEPING**

### Background

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires each government organisation have a Record Keeping Plan that has been approved by the State Records Commission.

The purpose of a Record Keeping Plan is to set out which records are to be created by the organisation and how it is to keep those records. Record Keeping Plans are to provide an accurate reflection of the record keeping program within the organisation, including information regarding the organisation's record keeping system(s), disposal arrangements, policies, practices and processes. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and that best practices have been implemented in the organisation. In accordance with Section 17 of the Act, the Shire of Yalgoo and all its employees are legally required to comply with the contents of this plan.

The Shire of Yalgoo has prepared a Record Keeping Plan and its objectives are to ensure:

- compliance with Section 19 of the State Records Act 2000,
- record keeping within the local government is moving toward compliance with State Records Commission Standards and Records Management Standard AS15489,
- processes are in place to facilitate the complete and accurate record of business transactions and decisions,
- recorded information can be retrieved quickly, accurately and cheaply when required,
- protection and preservation of government records.

### Minimum Compliance Requirements

The record keeping plan is to provide evidence to address that:

1. From time to time (where necessary) an external consultant is brought to run a recordkeeping training session for staff. Staff are also encouraged to attend training courses outside the organisation whenever practicable.
2. Staff information sessions are conducted on a regular basis for staff as required.
3. The local government provides brochures or newsletters to publish recordkeeping information, highlight issues, or bring particular recordkeeping matters to staff attention.
4. The local government's Induction Program for new employees includes an introduction to the local government's recordkeeping system and program, and information on their recordkeeping responsibilities.

**SHIRE OF YALGOO**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

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**SHIRE OF YALGOO**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Yalgoo being the annual financial report and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Yalgoo at 30th June 2006 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 *SECOND* day of *MARCH* 2007.

  
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Glenn Bone  
Chief Executive Officer

**SHIRE OF YALGOO**

**INCOME STATEMENT**

**BY NATURE OR TYPE**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	22	695,871	677,760	657,322
Grants and Subsidies	28	1,625,587	1,663,560	1,536,240
Contributions Reimbursements and Donations		66,426	78,305	94,498
Fees and Charges	27	370,207	471,950	141,213
Interest Earnings	2(a)	78,303	65,800	70,549
Other Revenue		<u>(126,766)</u>	<u>6,700</u>	<u>257,985</u>
		2,709,628	2,964,075	2,757,807
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(807,728)	(753,326)	(946,648)
Materials and Contracts		(460,229)	(1,059,399)	(657,911)
Utilities		(52,505)	(63,800)	(74,693)
Depreciation	2(a)	(1,447,463)	(433,440)	(594,630)
Interest Expenses	2(a)	(62,054)	(63,040)	(62,825)
Insurance		(110,070)	(83,170)	(72,515)
Other Expenditure		<u>(59,425)</u>	<u>(28,960)</u>	<u>(9,456)</u>
		<u>(2,999,474)</u>	<u>(2,485,135)</u>	<u>(2,418,678)</u>
		(289,846)	478,940	339,129
Grants and Subsidies - non-operating	28	1,047,148	913,835	522,599
Profit on Asset Disposals	20	199,257	85,550	152,972
Loss on Asset Disposals	20	<u>(64,902)</u>	<u>(16,495)</u>	<u>(6,904)</u>
<b>NET RESULT</b>		<u><u>891,657</u></u>	<u><u>1,461,830</u></u>	<u><u>1,007,796</u></u>

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



**SHIRE OF YALGOO**

**INCOME STATEMENT**

**BY PROGRAM**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	<b>NOTE</b>	<b>2006</b>	<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>Budget</b>	<b>\$</b>
			<b>\$</b>	
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		431	25,310	16,333
General Purpose Funding		2,116,168	2,092,365	1,982,924
Law, Order, Public Safety		37,844	26,725	49,127
Health		1,014	(6,370)	674
Education and Welfare		0	50	81
Housing		31,269	22,075	38,116
Community Amenities		8,600	62,590	11,988
Recreation and Culture		33,669	23,580	30,154
Transport		1,011,628	634,595	774,168
Economic Services		610,412	1,032,925	477,143
Other Property and Services		104,998	49,615	52,670
	2 (a)	<u>3,956,033</u>	<u>3,963,460</u>	<u>3,433,378</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
<b>EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(193,774)	(240,655)	(182,831)
General Purpose Funding		(59,726)	(55,575)	(52,341)
Law, Order, Public Safety		(25,681)	(44,830)	(26,011)
Health		(58,266)	(51,735)	(42,978)
Education and Welfare		(4,167)	(3,260)	(2,987)
Housing		(88,871)	(18,385)	(17,918)
Community Amenities		(115,997)	(111,090)	(90,223)
Recreation & Culture		(252,985)	(379,925)	(243,678)
Transport		(1,722,363)	(671,685)	(857,081)
Economic Services		(440,190)	(817,235)	(812,059)
Other Property and Services		(39,328)	(45,015)	(34,650)
	2 (a)	<u>(3,001,348)</u>	<u>(2,439,390)</u>	<u>(2,362,757)</u>
<b>BORROWING COSTS EXPENSE</b>				
Housing		(51,808)	(51,810)	(51,262)
Community Amenities		(1,423)	(7,615)	(7,568)
Transport		(9,797)	(2,815)	(3,746)
Economic Services		0	0	(249)
	2 (a)	<u>(63,028)</u>	<u>(62,240)</u>	<u>(62,825)</u>
<b>NET RESULT</b>		<u><u>891,657</u></u>	<u><u>1,461,830</u></u>	<u><u>1,007,796</u></u>

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

**SHIRE OF YALGOO**  
**BALANCE SHEET**  
**AS AT 30TH JUNE 2006**

	NOTE	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,545,862	990,183
Trade and Other Receivables	4	168,965	377,398
Inventories	5	41,408	23,612
<b>TOTAL CURRENT ASSETS</b>		<u>1,756,235</u>	<u>1,391,193</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	5,372,946	4,896,281
Infrastructure	7	12,985,490	13,168,325
<b>TOTAL NON-CURRENT ASSETS</b>		<u>18,358,436</u>	<u>18,064,606</u>
<b>TOTAL ASSETS</b>		<u>20,114,671</u>	<u>19,455,799</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	137,199	191,619
Long Term Borrowings	9	77,613	106,704
Provisions	10	39,605	132,364
<b>TOTAL CURRENT LIABILITIES</b>		<u>254,417</u>	<u>430,687</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	826,509	904,122
Provisions	10	57,924	36,826
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>884,433</u>	<u>940,948</u>
<b>TOTAL LIABILITIES</b>		<u>1,138,850</u>	<u>1,371,635</u>
<b>NET ASSETS</b>		<u>18,975,821</u>	<u>18,084,164</u>
<b>EQUITY</b>			
Retained Surplus		16,612,091	16,040,002
Reserves - Cash Backed	11	1,211,626	892,058
Reserves - Asset Revaluation	12	1,152,104	1,152,104
<b>TOTAL EQUITY</b>		<u>18,975,821</u>	<u>18,084,164</u>

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

**SHIRE OF YALGOO**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2005 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2005		16,040,002	15,082,505
Net Result		891,657	1,007,796
Transfer from/(to) Reserves		<u>(319,568)</u>	<u>(50,299)</u>
Balance as at 30 June 2006		<u>16,612,091</u>	<u>16,040,002</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2005		892,058	841,759
Amount Transferred (to)/from Retained Surplus		<u>319,568</u>	<u>50,299</u>
Balance as at 30 June 2006	11	<u>1,211,626</u>	<u>892,058</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2005		1,152,104	1,152,104
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2006	12	<u>1,152,104</u>	<u>1,152,104</u>
<b>TOTAL EQUITY</b>		<u>18,975,821</u>	<u>18,084,164</u>

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

**SHIRE OF YALGOO  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		695,871	677,760	657,322
Grants and Subsidies - operating		1,625,587	1,663,560	1,536,240
Contributions, Reimbursements & Donations		66,426	78,305	94,498
Fees and Charges		570,181	873,104	141,213
Interest Earnings		78,303	65,800	70,549
Goods and Services Tax		193,097	0	119,088
Other		<u>(126,765)</u>	<u>6,700</u>	<u>70,241</u>
		3,102,700	3,365,229	2,689,151
<b>Payments</b>				
Employee Costs		(879,390)	(753,326)	(929,030)
Materials and Contracts		(566,393)	(1,237,463)	(352,931)
Utilities (gas, electricity, water, etc)		(52,505)	(63,800)	(74,693)
Insurance		(110,070)	(83,170)	(72,515)
Interest		(62,054)	(63,040)	(62,825)
Goods and Services Tax		(184,638)	0	(282,046)
Other		<u>(59,425)</u>	<u>(28,960)</u>	<u>(9,456)</u>
		<u>(1,914,475)</u>	<u>(2,229,759)</u>	<u>(1,783,496)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	13(b)	<u>1,188,225</u>	<u>1,135,470</u>	<u>905,655</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(1,141,151)	(1,748,405)	(1,207,086)
Payments for Construction of Infrastructure		(786,450)	(837,335)	(818,196)
Grants/Contributions for the Development of Assets		1,047,148	913,835	522,599
Proceeds from Sale of Plant & Equipment		320,664	315,000	301,842
		<u>(559,789)</u>	<u>(1,356,905)</u>	<u>(1,200,841)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		<u>(559,789)</u>	<u>(1,356,905)</u>	<u>(1,200,841)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		<u>(72,757)</u>	<u>(72,760)</u>	<u>(72,897)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		<u>(72,757)</u>	<u>(72,760)</u>	<u>(72,897)</u>
<b>Net Increase (Decrease) in Cash Held</b>		555,679	(294,195)	(368,083)
Cash at Beginning of Year		990,183	979,524	1,358,266
<b>Cash at End of Year</b>	13(a)	<u><u>1,545,862</u></u>	<u><u>685,329</u></u>	<u><u>990,183</u></u>

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

**SHIRE OF YALGOO**

**RATE SETTING STATEMENT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	NOTE	2006 \$	2006 Budget \$
<b>REVENUES</b>			
Governance		431	25,310
General Purpose Funding		1,420,297	1,414,605
Law, Order, Public Safety		37,843	26,725
Health		1,014	(6,370)
Education and Welfare		0	50
Housing		31,269	22,075
Community Amenities		8,600	62,590
Recreation and Culture		33,669	23,580
Transport		1,011,628	634,595
Economic Services		610,412	1,032,925
Other Property and Services		104,998	49,615
		<u>3,260,161</u>	<u>3,285,700</u>
<b>EXPENSES</b>			
Governance		(193,774)	(240,655)
General Purpose Funding		(59,726)	(55,575)
Law, Order, Public Safety		(25,681)	(44,830)
Health		(58,266)	(51,735)
Education and Welfare		(4,167)	(3,260)
Housing		(140,679)	(70,195)
Community Amenities		(117,420)	(118,705)
Recreation & Culture		(252,985)	(379,925)
Transport		(1,732,160)	(674,500)
Economic Services		(440,190)	(817,235)
Other Property and Services		(39,326)	(45,015)
		<u>(3,064,374)</u>	<u>(2,501,630)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(134,355)	(69,055)
Movement in Non-Current Employee Provisions		21,098	0
Depreciation on Assets		1,447,463	433,440
<b>Capital Expenditure and Revenue</b>			
Purchase Land and Buildings		(329,471)	(732,910)
Purchase Infrastructure Assets - Roads		(786,450)	(837,335)
Purchase Plant and Equipment		(756,106)	(851,095)
Purchase Furniture and Equipment		(55,574)	(164,400)
Proceeds from Disposal of Assets		320,664	315,000
Repayment of Debentures		(72,757)	(72,760)
Transfers to Reserves (Restricted Assets)		(675,845)	(605,000)
Transfers from Reserves (Restricted Assets)		356,277	805,000
<b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd		141,200	317,285
<b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd		367,802	0
<b>Amount Req'd to be Raised from Rates</b>	<b>22</b>	<u><u>(695,871)</u></u>	<u><u>(677,760)</u></u>

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

## SHIRE OF YALGOO

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

#### 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 applicable Australian Accounting Standards, 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.

##### First AIFRSs Financial Report

This is the Shire's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 35.

##### Compliance with IFRSs

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

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

The principal areas of non-compliance with IFRSs include:

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

## SHIRE OF YALGOO

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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

##### (a) Basis of Preparation (Continued)

###### Critical Accounting Estimates

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

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

##### (b) The Local Government Reporting Entity

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

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

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) 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, amortisation or impairment losses.

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

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

**General**

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

**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.

(f) 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	35 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 10 years
Sealed roads and streets clearing and earthworks construction/road base original surfacing and	not depreciated 41 years
Gravel roads clearing and earthworks construction/road base	not depreciated 23 years
Formed roads (unsealed) clearing and earthworks construction/road base	not depreciated 14 years
Unformed Roads	not depreciated

(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.



## SHIRE OF YALGOO

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

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

##### (h) Investments

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

##### (i) Impairment

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

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

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

##### (j) 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.

##### (k) Employee Benefits

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

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

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

###### (ii) Annual Leave and Long Service Leave (Long-term Benefits)

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

##### (l) 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.

## SHIRE OF YALGOO

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2006

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

###### (m) Superannuation

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

###### (n) 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).

###### (o) 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 balance sheet 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.

###### (p) Fair Value

The 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 fair value have not been written down as the Council intends to hold these assets to maturity.

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

###### (q) Rounding Off Figures

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

###### (r) Comparative Figures

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

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

<b>2. REVENUES AND EXPENSES</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
<b>(i) Charging as an Expense:</b>		
<b>Auditors Remuneration</b>		
- Audit	9,600	6,768
- Other Services	99,193	300
<b>Depreciation</b>		
Buildings	108,380	104,234
Furniture and Equipment	10,156	15,833
Plant and Equipment	357,616	310,630
NWHS Joint Venture Assets	2,025	2,878
Roads	969,286	161,055
	<u>1,447,463</u>	<u>594,630</u>
<b>Interest Expenses</b>		
Debentures ( <i>refer Note 21(a)</i> )	62,054	62,825
	<u>62,054</u>	<u>62,825</u>
<b>(ii) Crediting as Revenue:</b>		
	<b>2006</b>	<b>2006</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	54,863	50,000
- Other Funds	17,764	10,800
Other Interest Revenue ( <i>refer note 26</i> )	5,676	5,000
	<u>78,303</u>	<u>65,800</u>
	<u>78,303</u>	<u>70,549</u>

## SHIRE OF YALGOO

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

#### 2. REVENUES AND EXPENSES (Continued)

##### (b) Statement of Objective

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

##### **GOVERNANCE**

Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters that do not concern other specific functions and/or activities of the Shire are also recorded here.

##### **GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

##### **LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws, fire prevention, emergency services and animal control.

##### **HEALTH**

Food control, mosquito control, support for the medical centre and operation of the ambulance service.

##### **EDUCATION AND WELFARE**

Support of the local school and the rural counselling service.

##### **HOUSING**

Provision and maintenance of Joint Venture Housing.

##### **COMMUNITY AMENITIES**

Rubbish collection services, operation of tips, noise control, support for waste recycling, litter control, administration of town planning scheme, strategic planning, maintenance of the cemetery, public conveniences, and town drainage.

##### **RECREATION AND CULTURE**

Maintenance of halls, recreation centres, and various reserves, operation of libraries. Maintenance of cultural heritage assets and TV and radio retransmission services.

##### **TRANSPORT**

Construction and maintenance of streets, roads, footpaths, drainage works, lighting of streets, maintenance of the depot and the airstrip.

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**2. OPERATING REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**ECONOMIC SERVICES**

Regulation and provision of services relating to tourism, area promotion, building control, sale yards, noxious weeds and vermin control.

**OTHER PROPERTY & SERVICES**

Private activities, repair and operational costs of plant.

**(c) Conditions Over Contributions**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Health Communities (Health)	43,044	45,553
Rural Transaction Centre (Economic Services)	0	124,500
	<hr/>	<hr/>
	43,044	170,053
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Health Communities (Health)	0	135,000
Roads to Recovery	262,000	0
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.		
Health Communities (Health)	(43,044)	(124,500)
Rural Transaction Centre (Economic Services)	0	(137,509)
Roads to Recovery	(258,709)	0
Closing balances of unexpended grants	<hr/> <hr/>	<hr/> <hr/>
	3,291	43,044
Comprises:		
Health Communities (Health)	0	43,044
Roads to Recovery	3,291	0
	<hr/> <hr/>	<hr/> <hr/>
	3,291	43,044

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006	2005
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	334,235	55,081
Restricted	<u>1,211,627</u>	<u>935,102</u>
	<u><u>1,545,862</u></u>	<u><u>990,183</u></u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	62,856	57,856
Plant Reserve	285,029	241,305
Golden Grove Road Reserve	214,000	378,897
Building Reserve	649,742	214,000
Unspent Grants	0	43,044
	<u>1,211,627</u>	<u>935,102</u>

**4. TRADE AND OTHER RECEIVABLES**

**Current**

Rates Outstanding	68,755	63,780
Sundry Debtors	160,210	373,618
Provision for Doubtful Debts	<u>(60,000)</u>	<u>(60,000)</u>
	<u>168,965</u>	<u>377,398</u>

**5. INVENTORIES**

**Current**

Fuel Station	27,761	14,922
Fuel Tankers	13,141	7,058
Post Office	506	1,632
	<u>41,408</u>	<u>23,612</u>

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006	2005
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	4,192,130	5,064,650
Less Accumulated Depreciation	<u>(558,702)</u>	<u>(1,619,573)</u>
	3,633,428	3,445,077
Furniture and Equipment - Cost	267,956	212,383
Less Accumulated Depreciation	<u>(208,838)</u>	<u>(198,682)</u>
	59,118	13,701
Plant and Equipment - Cost	2,957,643	2,757,902
Less Accumulated Depreciation	<u>(1,291,972)</u>	<u>(1,335,906)</u>
	1,665,671	1,421,996
NWHS JV Assets - Cost	13,089	14,276
Less Accumulated Depreciation	<u>(36)</u>	<u>(445)</u>
	13,053	13,831
Tools - Cost	6,250	6,250
Less Accumulated Depreciation	<u>(4,574)</u>	<u>(4,574)</u>
	1,676	1,676
	<u><u>5,372,946</u></u>	<u><u>4,896,281</u></u>

Effective from 1 July 2001, Council deemed the carrying amount of land and buildings previously carried at a revalued amount to be their cost.

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

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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 \$	NWHS Plant & Equipment \$	Tools \$	Total \$
Balance as at 1 July 2005	3,445,077	13,701	1,421,996	13,831	1,676	4,896,281
Additions	329,471	55,574	744,028	12,078	0	1,141,151
(Disposals)	(32,740)	0	(142,736)	(10,833)	0	(186,309)
Revaluation - Increments	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0
- reversals	0	0	0	0	0	0
Depreciation (Expense)	(108,380)	(10,156)	(357,616)	(2,025)	0	(478,177)
Other Movements	0	(1)	(1)	2	0	0
Balance as at 30 June 2006	<u>3,633,428</u>	<u>59,118</u>	<u>1,665,671</u>	<u>13,053</u>	<u>1,676</u>	<u>5,372,946</u>



SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	28,788,933	28,002,483
Less Accumulated Depreciation	<u>(15,803,443)</u>	<u>(14,834,158)</u>
	12,985,490	13,168,325
	<u>12,985,490</u>	<u>13,168,325</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 all infrastructure assets, other than roads, carried at a revalued amount, to be their cost.

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

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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.

	Roads \$	Total \$
Balance as at 1 July 2005	13,168,325	13,168,325
Additions	786,450	786,450
(Disposals)	0	0
Revaluation - Increments	0	0
- (Decrements)	0	0
Impairment - (losses)	0	0
- reversals	0	0
Depreciation (Expense)	(969,286)	(969,286)
Other Movements	1	1
Balance as at 30 June 2006	<u>12,985,490</u>	<u>12,985,490</u>

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2005 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade Creditors	108,293	146,451
Other Creditors	287	0
PAYG	24,622	13,615
Accrued Interest on Debentures	3,997	4,183
Accrued Salaries and Wages	0	27,370
	<u>137,199</u>	<u>191,619</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Unsecured		
Bank Overdraft	0	33,947
Secured by Floating Charge		
Debentures	77,613	72,757
	<u>77,613</u>	<u>106,704</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	826,509	904,122
	<u>826,509</u>	<u>904,122</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	39,605	79,399
Provision for Bonds	0	235
Provision for Long Service Leave	0	52,730
	<u>39,605</u>	<u>132,364</u>
<b>Non-Current</b>		
Provision for Long Service Leave	57,924	36,826
	<u>57,924</u>	<u>36,826</u>

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006 \$	2006 Budget \$	2005 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	57,856	57,856	52,856
Amount Set Aside / Transfer to Reserve	5,000	5,000	5,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>62,856</u>	<u>62,856</u>	<u>57,856</u>
<b>(b) Plant Reserve</b>			
Opening Balance	241,306	241,306	378,222
Amount Set Aside / Transfer to Reserve	400,000	400,000	320,000
Amount Used / Transfer from Reserve	<u>(356,277)</u>	<u>(490,000)</u>	<u>(456,916)</u>
	<u>285,029</u>	<u>151,306</u>	<u>241,306</u>
<b>(c) Building Reserve</b>			
Opening Balance	378,896	378,896	175,681
Amount Set Aside / Transfer to Reserve	270,845	200,000	263,215
Amount Used / Transfer from Reserve	<u>0</u>	<u>(315,000)</u>	<u>(60,000)</u>
	<u>649,741</u>	<u>263,896</u>	<u>378,896</u>
<b>(d) Golden Grove Road Reserve</b>			
Opening Balance	214,000	214,000	235,000
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(21,000)</u>
	<u>214,000</u>	<u>214,000</u>	<u>214,000</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>1,211,626</u></u>	<u><u>692,058</u></u>	<u><u>892,058</u></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**

- to be used to fund annual and long service leave requirements

**Plant Reserve**

- to be used for the purchase of major plant

**Building Reserve**

- to be used for the construction of a new administration centre

**Golden Grove Road Reserve**

- to be used for the maintenance of the road to the Golden Grove minesite.

The Leave, Plant, Building and Golden Grove Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Building Reserve is expected to be utilised in 2006/07.

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

<b>12. RESERVES - ASSET REVALUATION</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) <b>Land and Buildings</b>		
Balance as at 1 July 2005	1,152,104	1,152,104
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	<u>1,152,104</u>	<u>1,152,104</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>1,152,104</u></u>	<u><u>1,152,104</u></u>

**SHIRE OF YALGOO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**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 in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Balance Sheet as follows:

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>1,545,862</u>	<u>685,329</u>	<u>990,183</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	891,657	1,461,830	1,007,796
Depreciation	1,447,463	433,440	594,630
(Increase)/Decrease in Receivables	208,433	401,154	(304,855)
(Profit)/Loss on Sale of Asset	(134,355)	(69,055)	(146,068)
(Increase)/Decrease in Inventories	(17,796)	15,863	(18,913)
Increase/(Decrease) in Payables	(88,367)	(193,927)	206,544
Increase/(Decrease) in Employee Provisions	(71,662)	0	17,618
Grants/Contributions for the Development of Assets	<u>(1,047,148)</u>	<u>(913,835)</u>	<u>(522,599)</u>
<b>Net Cash from Operating Activities</b>	<u>1,188,225</u>	<u>1,135,470</u>	<u>834,153</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	250,000		250,000
Bank Overdraft at Balance Date	0		33,947
Credit Card limit	4,000		4,000
Credit Card Balance at Balance Date	0		0
<b>Total Amount of Credit Unused</b>	<u>254,000</u>		<u>287,947</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	77,613		72,757
Loan Facilities - Non-Current	826,509		904,122
<b>Total Facilities in Use at Balance Date</b>	<u>904,122</u>		<u>976,879</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>NIL</u>		<u>NIL</u>

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**14. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

There were no Finance Lease Commitments at balance date.

**(b) Operating Lease Commitments**

There were no Operating Lease Commitments at balance date.

**(c) Capital Expenditure Commitments**

There were no outstanding Capital Expenditure Commitments at balance date.

**15. CONTINGENT LIABILITIES**

There are no known Contingent Liabilities at balance date.

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**16. JOINT VENTURE**

The Shire together with the Shires of Morawa and Mingenew 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's one-third share of these assets is included in Property, Plant & Equipment as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Assets</b>		
Plant & Equipment	0	14,276
Less: Accumulated Depreciation	0	(445)
	<u>0</u>	<u>13,831</u>

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

Governance	0	1,075,832
General Purpose Funding	72,534	63,780
Law, Order, Public Safety	42,957	36,612
Health	15,236	13,833
Housing	1,622,572	643,149
Community Amenities	266,893	276,451
Recreation and Culture	1,133,201	829,958
Transport	13,861,378	13,773,687
Economic Services	459,698	447,300
Other Property and Services	1,117,594	1,189,510
Unallocated	1,522,608	1,105,687
	<u>20,114,671</u>	<u>19,455,799</u>



**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

<b>18. FINANCIAL RATIOS</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Current Ratio	2.89	1.38	1.67
Untied Cash to Trade Creditors Ratio	3.09	0.75	1.34
Debt Ratio	0.06	0.07	0.04
Debt Service Ratio	0.04	0.04	0.04
Gross Debt to Revenue Ratio	0.22	0.46	0.31
Gross Debt to Economically Realisable Assets Ratio	0.03	0.22	0.15
Rate Coverage Ratio	0.17	0.23	0.25
Outstanding Rates Ratio	0.09	0.14	0.15

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	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**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:

	<b>Balance 1-Jul-05</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-Jun-06</b>
	\$	\$	(\$)	\$
Yamatji BBMAC	150	0	0	150
Community Bus Bond - School	350	0	0	350
Housing Bonds	1,660	990	(2,290)	360
Post Office Key Bonds	270	10	0	280
Land Auction Proceeds	2,500	0	0	2,500
MV Licensing	(101)	22,353	(21,739)	513
JV Housing	400	0	(120)	280
Casual Hall Bond	150	880	(1,030)	0
BCITF	680	0	0	680
Stamps and Interest	0	0	0	52
	<u>6,059</u>			<u>5,165</u>

**20. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Land &amp; Buildings</b>						
Housing	32,740	34,825	0	25,000	(32,740)	(9,825)
<b>Plant &amp; Equipment</b>						
Governance	0	33,990	0	55,000	0	21,010
Health	56,058	26,670	73,664	20,000	17,606	(6,670)
Community Amenities	0	0	0	5,000	0	5,000
Transport	97,511	150,460	247,000	210,000	149,489	59,540
	<u>186,309</u>	<u>245,945</u>	<u>320,664</u>	<u>315,000</u>	<u>134,355</u>	<u>69,055</u>

**SHIRE OF YALGOO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**21. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Principal 1-Jul-05 \$	New Loans \$	Principal Repayments		Principal 30-Jun-06		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
Loan 50 - Housing	15,687		5,971	5,970	9,716	9,717	2,545	940
Loan 51 - Housing	176,161		27,515	27,515	148,646	148,646	10,739	11,230
Loan 52 - JV Housing	93,082		3,075	3,075	90,007	90,007	4,282	5,695
Loan 53 - Housing	230,826		6,635	6,635	224,191	224,191	14,443	15,220
Loan 55 - Housing	292,318		8,185	8,185	284,133	284,133	18,825	18,725
<b>Transport</b>								
Loan 50 - Plant	47,060		17,913	17,915	29,147	29,146	1,423	2,815
<b>Community Amenities</b>								
Loan 54 - Public Conven	121,745		3,463	3,465	118,282	118,280	9,797	7,615
	976,879	-	72,757	72,760	904,122	904,120	62,054	62,240

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2005/06

There were no new debentures raised in this financial year.

**SHIRE OF YALGOO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

**21. INFORMATION ON BORROWINGS (Continued)**

(c) Unspent Debentures

There were no unspent debentures as at 30 June 2006.

(d) Overdraft

An overdraft facility can be arranged at short notice with the National Bank, however, there was no overdraft utilised at 30 June 2006.

(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:

<b>Borrowings</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Fixed interest rate maturing		
- within one year	0	0
- one to five years	187,510	238,908
- over five years	716,612	737,971
Non interest bearing	0	0
<b>Total Borrowings</b>	<b>904,122</b>	<b>976,879</b>
<b>Weighted average effective interest rate</b>	<b>6.49%</b>	<b>6.49%</b>

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

22. RATING INFORMATION - 2005/06 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 \$
<b>Differential General Rate</b>											
GRV Townsites - Improved	0.083200	10	136,814	4,732	0	1,522	6,254	12,445	0	0	12,445
GRV Townsites - Vacant	0.083200	-	0	0	0	0	0	0	0	0	0
UV Pastoral	0.096500	32	957,775	49,412	0	0	49,412	52,215	0	0	52,215
UV Exploration/Prospecting	0.096500	39	288,637	34,178	0	0	34,178	32,000	0	0	32,000
UV Mining (Inc GPL & GML)	0.096500	89	2,788,501	537,291	12,023	(1,287)	548,027	544,140	0	0	544,140
<b>Sub-Totals</b>		170	4,171,727	625,613	12,023	235	637,871	640,800	0	0	640,800
<b>Minimum Rates</b>											
GRV Townsites - Improved	400	32	137,361	12,800	0	0	12,800	800	0	0	800
GRV Townsites - Vacant	400	3	2,150	1,200	0	0	1,200	6,160	0	0	6,160
UV Pastoral	300	2	3,796	800	0	0	800	600	0	0	600
UV Exploration/Prospecting	300	50	162,789	20,000	0	0	20,000	21,200	0	0	21,200
UV Mining (Inc GPL & GML)	300	58	44,300	23,200	0	0	23,200	8,200	0	0	8,200
<b>Sub-Totals</b>		145	350,396	58,000	0	0	58,000	36,960	0	0	36,960
							695,871				677,760

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR**

No Specified Area Rates have been levied.

**24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR**

No service charges have been levied.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2005/06 FINANCIAL YEAR**

There were no discounts, incentives or concessions.

**26. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11		5,676	4,000
Interest on Instalments Plan	5.5		0	1,270
Charges on Instalment Plan		5	120	2,000
			<u>5,796</u>	<u>7,270</u>

Ratepayers had the option of paying rates in four equal instalments, due on 9th December 2005, 31 December 2005, 28th February 2006 and 30th April 2006. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2006 \$</b>	<b>2005 \$</b>
Governance	0	2,180
General Purpose Funding	273	4,898
Law, Order, Public Safety	1,017	167
Education and Welfare	0	81
Health	0	360
Housing	27,988	37,468
Community Amenities	8,600	11,988
Recreation & Culture	3,777	23,505
Transport	35,012	1,708
Economic Services	262,197	6,169
Other Property & Services	31,343	52,689
	<u>370,207</u>	<u>141,213</u>

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

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

<b>28. GRANT REVENUE</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Grants and Subsidies - operating	1,625,587	1,536,240
Grants and Subsidies - non-operating	1,047,148	522,599
	<u>2,672,735</u>	<u>2,058,839</u>
<b>By Program:</b>		
General Purpose Funding	1,341,999	1,248,102
Law, Order, Public Sector	36,826	48,960
Recreation and Culture	14,170	6,650
Transport	804,966	620,127
Economic Services	474,774	135,000
	<u>2,672,735</u>	<u>2,058,839</u>

**29. COUNCILLORS' REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	9,600	14,410	7,005
President's Allowance	8,660	6,000	3,750
Travelling Expenses	7,338	10,935	9,585
Telecommunications Allowance	4,841	4,800	3,850
	<u>30,439</u>	<u>36,145</u>	<u>24,190</u>

**30. EMPLOYEES' REMUNERATION**

There were no employees of the Shire entitled to an annual salary of \$100,000 or more.

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent Employees at balance date

	<b>2006</b>	<b>2005</b>
	<u>16</u>	<u>16</u>

**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.

**SHIRE OF YALGOO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**33. MAJOR LAND TRANSACTIONS**

No major land transactions occurred during the 2005/06 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

**Fuel Station**

(i) Details

To provide fuel services to the people of Yalgoo and surrounding districts due to the lack of a local fuel supplier. Council believes that the provision of such a service is an integral part of the community as it seeks to control the loss of everyday services to the district.

(ii) Current year transactions

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Operating Income	228,427	301,915
Operating Expenses	(273,272)	(384,123)
Change in Net Assets resulting from operations	<u>(44,845)</u>	<u>(82,208)</u>
<b><u>Current Assets</u></b>		
Cash at Bank and on hand	7,921	75,632
Inventories	27,761	14,922
<b><u>Current Liabilities</u></b>		
Trade Creditors	0	0
<b><u>Non-Current Assets</u></b>		
Plant & Equipment	360,581	361,296
Less: Accumulated Depreciation	<u>(74,392)</u>	<u>(52,739)</u>
	<u>321,871</u>	<u>399,111</u>
<b><u>Equity</u></b>		
Opening Balance	399,111	368,849
Contributions to undertaking	(32,395)	112,470
Change in net assets resulting from operations	(44,845)	(82,208)
	<u>321,871</u>	<u>399,111</u>



SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Australian Post Community Agency

(i) Details

The Shire is acting as an agent for Australia Post in the provision of postal services to Yalgoo and the surrounding district. The Council also sees this as a vital part of maintaining a basic level of services within the Shire.

(ii) Current year transactions

	2006 \$	2005 \$
Operating Income	11,666	9,172
Operating Expenses	(27,065)	(39,385)
Change in Net Assets resulting from operations	<u>(15,399)</u>	<u>(30,213)</u>
<u>Current Assets</u>		
Cash at Bank and on hand	26,274	75,632
Inventories	506	1,632
<u>Current Liabilities</u>		
Trade Creditors	0	0
<u>Non-Current Assets</u>		
Plant & Equipment	0	0
Less: Accumulated Depreciation	0	0
	<u>26,780</u>	<u>77,264</u>
<u>Equity</u>		
Opening Balance	77,264	58,714
Contributions to undertaking	(35,085)	48,763
Change in net assets resulting from operations	(15,399)	(30,213)
	<u>26,780</u>	<u>77,264</u>

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

**35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)**

**(a) Reconciliation of Equity at 1 July 2004**

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

**(b) Reconciliation of Equity at 30 June 2005**

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

**(c) Reconciliation of Net Result for the Year Ended 30 June 2005**

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

**(d) Explanation of Material Adjustments to the Cash Flow Statement**

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

# ANDERSON MUNRO & WYLLIE

CHARTERED ACCOUNTANTS

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ABN 93 479 551 720

## INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF YALGOO

### Scope

We have audited the financial report of Shire of Yalgoo for the year ended 30 June 2006. The financial report comprises the Statement by Chief Executive Officer, Statement of Financial Performance, Statement of Financial Position, Equity Statement, Cash Flow Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. 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 accounting policies and estimates inherent to the financial report.

### Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Yalgoo. Our audit was conducted in accordance with Australian Auditing Standards 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 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, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our 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.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Yalgoo.

## Independence

Anderson Munro & Wyllie are independent of the Shire of Yalgoo, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Qualification

We noted the following breaches of the Local Government Act 1995.

- The auditor's report for the years ended 30 June 2005 and 2006 was not received by Council by 31 December of those years, as required by s7.9(1).
- The 2005/2006 budget was not adopted by Council prior to 31 August 2005, as required by s6.2.
- The annual report for the years ended 30 June 2005 and 2006 was not accepted by Council by 31 December of those years.
- Council's code of conduct was not reviewed until 16 March 2006 and not within twelve months following each ordinary election day, as required by s5.103.
- All reviews of local laws under s3.16(1) have not been carried out within a period of eight years.

## Qualified Audit Opinion

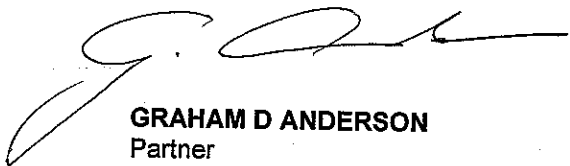
In our opinion, except for the effects of the above Audit Qualifications, the financial statements of the Shire of Yalgoo are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2006 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

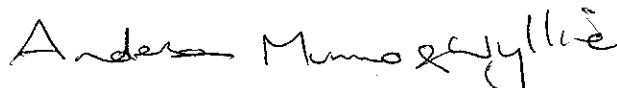
## Statutory Compliance

- a) Except for the issues identified in the above Audit Qualifications we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 23<sup>rd</sup> day of March 2007 in Perth, Western Australia



**GRAHAM D ANDERSON**  
Partner



**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants